Strength at Two Levels

Report
of the
Project to Review the
Operations and Structure of
Northern Government

November, 1991

Northwest
Territories Financial Management Board

November, 1991

Chairman
Financial Management Board
12th Legislative Assembly
of the Northwest Territories

"Strength at Two Levels"
Report of the Project to Review the
Operations and Structure of Northern Government

In January, 1991 the Financial Management Board (FMB) established a project to Review the Operations and Structure of Northern Government (the Review Project). The purpose of the Review Project was to determine if government effectiveness could be increased and if costs could be contained without large declines in service to the public. A review of this nature was necessitated by the changing fiscal climate in which the Government of the Northwest Territories (GNWT) must operate.

The costs of providing basic government services to the people of the Northwest Territories (NWT) far exceeds the NWT's revenue raising capability. As a result, the GNWT is dependent on the federal government for the majority of its funding requirements. This makes us particularly vulnerable to the federal restraint actions that have been and will continue to be taken to deal with the federal deficit.

During the last two years federal government actions have resulted in significant declines in the level of federal funding support to the GNWT. Coupled with high service expectations by NWT residents and rapidly increasing costs in statutory programs such as health and education, the federal funding reductions have required the GNWT to take significant restraint actions. Over the term of the 11th Legislative Assembly, the Financial Management Board has instituted programs of restraint that have:

- reduced person year growth to an average of less than 1% per year, and discontinued most adjustments to department budgets for inflation driven cost increases, and

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- increased management's accountability for the achievement of results with money spent, and forced departmental managers to find least cost methods to deliver services.

With the NWT's small tax base, and already heavy tax burden, the GNWT does not have the option of significantly increasing taxes to deal with expenditure pressures and declining federal funding support. The recent federal imposition of the Goods and Services Tax has had a significant impact on NWT consumers and has made the raising of taxes even less of an option. For these reasons, the GNWT has not imposed significant tax increases and, in fact, lowered the NWT corporate tax for small businesses in the last budget.

By taking timely restraint initiatives the Financial Management Board has coped with reduced revenues and large expenditure pressures to this point, and has kept the GNWT in an accumulated surplus position. However, when the federal government unilaterally imposed the national Gross Domestic Product (GDP) cap on the formula escalator several years ago, the FMB foresaw that restraint measures alone would not be enough to meet the fiscal challenge that the GNWT would face in an economic recession. It was with this foresight that the Review Project was established.

Stated very simply, the Review Project was intended to provide a blueprint for government organizational and program change over the next ten years. It was not intended that these changes would free up pools of money through large and immediate program and organizational cuts; this is simply not practical. Rather, the objective of these changes must be to significantly increase the effectiveness and efficiency of government operations and program delivery over time, thereby reducing the rate of expenditure growth to match the revenues that will be available in the future.

The Review Project Report, "Strength at Two Levels" provides the type of blueprint that the FMB was searching for. It outlines fundamental change for the way in which the territorial and community levels of government do business. The measures proposed, if implemented in concert, have the potential to bring about the results necessary to cope with fiscal realities. It must be emphasized that many of the recommendations made by the Review Project, particularly those concerned with structures and authorities, are mutually dependent. They cannot be implemented on a piece-meal basis.

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Realizing the potential of the Review Project recommendations will require people and organizations that recognize the need for and are open to change. Defense of the status quo or single minded pursuit of unrealistic objectives will surely undermine the process of constructive change and result in confrontation and financial crisis. However, I am confident that the people of the NWT will accept the need for change and will carry it out successfully. It is with this confidence, that I submit to you, the Chairman of the Financial Management Board of the 12th Legislative Assembly of the Northwest Territories, the Report of the Project to Review the Operations and Structure of Northern Government, titled, "Strength at Two Levels".

Michael A. Ballantyne
Chairman
Financial Management Board
11th Legislative Assembly

Strength at Two Levels

Report
of the
Project to Review the
Operations and Structure of
Northern Government

November, 1991

November 8, 1991

The Honourable Michael A. Ballantyne
Chairman of the Financial
Management Board
Government of the Northwest Territories
Yellowknife, N.W.T.

Dear Mr. Ballantyne:

I hereby transmit the report of the Project to Review the Operations and Structure of Northern Government, titled **"Strength at Two Levels"**.

A review of this magnitude was a large undertaking. It required a major effort by a dedicated Project Group to accomplish the necessary investigation and analysis. Subsequently, my consolidation of the findings of the Project Group and the formulation of recommendations have proved to be a time consuming task. I trust that all the efforts of the past ten months have been concluded early enough to be of use in the formative days of the incoming government.

The Financial Management Board should take considerable pride in the review approach which it established, in the consultative process it adopted, and in the unique composition of the Project Group. These factors combined to create one of the most effective reviews of its kind. By fully involving northerners in this Project, you have created a body of very capable people within the GNWT and the communities; people who now have a deeper appreciation of both the problems and the directions towards the GNWT's future success.

On behalf of the Project Group, I wish to convey our hope that the content of this report will help the Government of the Northwest Territories effectively meet the challenges it faces today, and the enormous challenges it will face in the years immediately ahead.

Yours truly,

GH Beatty

Garry H. Beatty
Project Director

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PREFACE

> *"...our government is facing lower revenue growth, and increasing expenditure pressures. We must be prepared to make some hard decisions in the near future - decisions about what we expect from government, and what we are willing to do without. Through the project to review the operations and structure of northern government, we will be developing options for fundamental changes in the way government is structured and in the way its programs are delivered."*
>
> *- Government of the Northwest Territories (GNWT) Budget Address, February 1991*

This excerpt from the 1991-92 GNWT Budget Address, captures the essence of the Project to Review the Operations and Structure of Northern Government. This review of government structure was not confined to the territorial level. It examined both the territorial and community level of government to determine what changes were needed to strengthen both levels.

The Project Group

The Project Group assembled to conduct this project was composed of a select group of senior executives from outside the GNWT, community representatives, seconded GNWT employees, and support staff. The Financial Management Board (FMB) reasoned that external specialists would bring objectivity and experience from other jurisdictions to the review, community representatives would provide the context of the aboriginal residents of the Northwest Territories, and seconded GNWT staff would provide vital knowledge of the organization and the environment in which it must operate.

Working under the guidance of the Project Director, the Project Group consisted of three teams. The teams were chosen to balance knowledge, skills and objectivity, and diverse cultural and geographic backgrounds. The members were as follows:

Project Director: Garry H. Beatty, President, Gabe Fiscal Management Inc.
Mr. Beatty has held a number of top executive positions including Deputy Minister of Finance and Secretary of the Treasury Board in Saskatchewan, President and CEO of Manitoba Hydro, and President of the Crown Investments Corporation in Saskatchewan. He lives in Winnipeg.

Management And Organization

Team Leader: A.M. (Sandy) Gillies
Mr. Gillies was seconded from the federal Department of Western Economic Diversification. He has had considerable experience in a range of executive roles in public administration related to social and economic development.

Members:

- Jim Antoine, Chief, Fort Simpson Band
- John Bunge, Director, Policy & Coordination, GNWT Department of Transportation, Yellowknife
- Dan O'Neill, Kitikmeot Assistant Regional Director, GNWT Department of the Executive, Cambridge Bay

Service Delivery

Team Leader: John Sadler, President, John Sadler Management Ltd., Winnipeg
Mr. Sadler is a professional engineer who has served as chief executive officer in both the construction and oil and gas industries. He has also served in the public sector.

Members:

- Knute Hansen, Inuvialuit Regional Corporation, Chairman Beaufort-Delta Divisional Board of Education, Aklavik
- Don Ellis, Fort Smith Regional Director, GNWT Department of the Executive, Fort Smith
- Bob Doherty, R. Doherty & Associates, Ottawa and Yellowknife. Mr. Doherty is a former Assistant Deputy Minister of Public Works, GNWT.

Program Delivery

Team Leader: Frank Bogdasavich, Consultant, Ottawa
Mr. Bogdasavich is a lawyer with executive experience in the federal Treasury Board and in economic and regional development. He also served as Deputy Minister of Social Services, Deputy Minister of Culture and Communications, and Deputy Minister of Tourism and Renewable Resources in Saskatchewan.

Members:

- Liz Apak Rose, Baffin Divisional Board of Education, Iqaluit
- Gail Joyce, Director, Policy and Evaluation, GNWT Department of Education, Yellowknife
- Bob Kasting, Director, Legal Division, GNWT Department of Justice, Yellowknife

Research Assistance:
- Dyan Grant-Francis, Harvest Biologist, GNWT Department of Renewable Resources, Yellowknife
- Edwin Castillo, Statistician/Research Coordinator, GNWT Department of Economic Development and Tourism, Yellowknife

Project Secretary: Kathy Lidbury, Yellowknife

Acknowledgements

This Report is the culmination of hard work and dedication on the part of all Project Group members who came together to consider the kinds of fundamental change required in the way northern government does business. The commitment and concern for a better style of northern government as demonstrated by the seconded GNWT staff, and devotion to the future of the Northwest Territories by all Project members, was evident throughout the project.

The input of people from the Northwest Territories, private citizens and government employees alike, provided insight and opinion which was critical to the Project. Particular appreciation is expressed to those people who attended the public meetings or who took the time to fill out and return the questionnaires which were distributed to interested people and groups as part of this project.

Ideas and advice were received from many individuals and from spokespersons for several groups important in the Northwest Territories, including Mr. Darm Crook, President of the Union of Northern Workers, Mr. John Rouble, President of the Northwest Territories Teachers' Association, and Mr. Jim Robertson, Chairman of the Northwest Territories Power Corporation, who assisted the Project in gaining an understanding of the views of labour and business, respectively.

Finally, the Project Group interviewed and held meetings with a great many members of the Northwest Territories Public Service, from deputy ministers to front-line employees. Noteworthy is the fact that the great majority of public servants interviewed betrayed a yearning to be part of a first-class public service in which effectiveness and economy are paramount concerns. The Project Group wishes to express particular appreciation to the many who offered insights on the source of management or operating problems and ideas about improving the relationship between cost and effectiveness.

The job was made much less difficult through the very capable administrative support of Gertrud La Ferla and Karalyn Walker of the Financial Management Board Secretariat.

FOREWARD

The Emerging Territory

The need for this review is the result of many factors active throughout the long and sometimes contentious history of the north.

The present boundaries of the Northwest Territories were established in 1912 and the territory was governed by a federally-appointed commissioner, responsible to a minister in Ottawa for many decades after. Since the 1960s there has been a strong move toward self-government within the territory. Supported by the Carrothers Commission in 1966, it has been one of the main aims for the formation of the GNWT, beginning with the movement of the seat of government to Yellowknife in 1967, and continuing with the devolution of power and responsibility from Ottawa and its Commissioner to the elected officials of the GNWT.

The GNWT received large fiscal responsibilities along with this transfer. Until fiscal year 1985-86, the territorial Government received a federal grant equal to total expenditures which it negotiated annually, less the GNWT's own source revenues plus specific program transfers. Since that time, a formula funding arrangement has been in effect. While not yet a province, the Northwest Territories is now governed by elected northern residents. The movement toward further self-government continues with the transfer of programs and responsibilities from Ottawa.

The GNWT is confronted with several unique complicating elements in the land and people it governs. Both the ethnic mix of the population and the consensus style of legislative assembly decision-making are not found elsewhere in Canada. There is a rapidly growing, immobile labour force, which, although skilled in traditional pursuits, is largely unskilled in most other occupational fields. This work force is growing in excess of current rates of job growth. A compounding employment problem is eight working languages, one with many dialects. The government lacks a significant tax base from which to draw revenue and yet strives to provide a wide range of programs and services equally throughout the North. A large proportion of the population view these services and programs as entitlements. The heritage and traditions of the federal Government's involvement in the Northwest Territories, and the fiscal growth over the last two decades, have supported these expectations. The GNWT is now facing increasing expectations on the part of the public coupled with reduction in revenues.

1987 to 1991: The Transitional Years

In October 1987, the Eleventh Assembly of the GNWT was elected. Its Executive Council, formed in November, met at Snare Rapids for the first of what would be a series of strategy sessions, to establish their agenda as a government. That agenda had two basic drives: putting northerners in charge and to work.

Following Snare Rapids, Cabinet presented Direction for the 1990s, as its statement of priorities for the four year term. Directions outlined five priorities:

Stimulating Economic Growth
- securing northern control of the Northwest Territories energy resources
- seeking collaboration with Canada in the planning and development of an improved transportation network
- improving programs of support to northern businesses
- targeting GNWT expenditures to maximize benefits to local economies

Improving Education
- enhancing basic skills among northerners
- providing stronger links between education, training and employment opportunities
- building the effectiveness of schools

Shaping Public Government
- seeking further province-like powers and authorities
- strengthening community governments, absorbing other GNWT related community structures and transferring GNWT programs to community governments

Supporting Aboriginal Initiatives
- facilitating the resolution of land claims in the Northwest Territories
- supporting traditional lifestyles and economies

Taking Our Place In Canada and the World
- achieving an international, circumpolar profile
- achieving greater profile nationally and participation at federal-provincial meetings

In its closing chapter, titled "Setting Realistic Expectations," the document noted: "Previous governments have emphasized social programs such as health, social services and public housing to meet northern needs. These important programs and services will not be neglected, but they may not expand as quickly as in the past."

In the fall of 1988, with the growing depth and seriousness of social problems facing Northwest Territories communities, Cabinet introduced a sixth priority with the Commissioner's Address: Social Issues.

Finally, at the "Brabant Strategy Session," held in June of 1989, a seventh priority, "Improving Government Administration," was added.

Despite the appearance of seven key priority areas, Cabinet stayed as close as possible to the two areas it wished to be judged on: economic and political development. Other issues, even issues which have become significant priorities, such as improving social conditions in the Northwest Territories communities, have been framed as "immediate problems": while Cabinet has tried to address them, it has seen the long term solutions to lie precisely in economic and political development.

In the term of this government, three departments were created: Energy, Mines and Petroleum Resources, whose principal objective has been to secure a Northern Energy Accord; Transportation, whose objective has been the planning and development of a transportation network in the Northwest Territories; Safety and Public Services, a small department created out of a particular need which emerged in mid-term. The key initiatives launched by Cabinet have been the Economic Development Strategy, announced in February, 1990, and the related Employment Development and Literacy Strategies, and the Transportation Strategy, announced in October, 1990.

Also during the life of this government, the Northwest Territories Power Corporation and the Northwest Territories Development Corporation were established. Following earlier transfers of highway maintenance responsibilities, the transfer from Canada of the inter-territorial highway reconstruction and Arctic Airports Program also occurred just in the past year. The instruments of economic growth are accumulating in the GNWT's hands and with the exercise of province-like authority comes political development.

While efforts to transfer responsibility from Ottawa to the North have generally been successful, transfers from Yellowknife to Northwest Territories communities - an essential feature of the political agenda since the creation of the GNWT - have not happened. This is not to say no effort or progress has been made, only that when all is said and done, what the GNWT has garnered from Ottawa, it generally still manages today. Where there have been transfers to regions, they have been limited and often confusing. There is a growing perception that the GNWT has built itself as a good receptor of jurisdiction from Ottawa, but may now be at a point where it needs to consolidate and reconstruct its organization to support transfer to community governments.

PART I: INTRODUCTION TO THE REVIEW PROJECT

Genesis of the Review Project

Members of the GNWT territorial legislature have been aware of an impending financial problem during recent years, although the magnitude of the problem was not known. The government did take action over its term to respond to the impending financial problem by restraining person year growth to an average of less than 1% per year and taking other strong restraint measures to maintain an accumulated surplus position.

Now, however, it is apparent that the GNWT faces an unprecedented gulf between available resources and demands on resources. New funding limitations imposed by the federal Government through the formula financing arrangements, coupled with soaring costs for health and education programs have combined to place the GNWT in an extremely difficult financial position. If the government is to preserve its fiscal integrity in the years immediately ahead and avoid the mistakes and distress now evident in many jurisdictions in southern Canada, it will have to make major and fundamental changes in its structure and operation. "Belt-tightening" approaches will not begin to cope with the problem.

Preservation of fiscal integrity is thought to be particularly critical in the Northwest Territories (with its small tax base) in order to protect progress achieved in political development.

As a consequence, the FMB made a decision in late 1990 to fund a targeted program review, motivated by a desire to act early on the impending deficit in order to avoid even more difficult choices later. The FMB outlined areas to be examined for potential savings, and focused the review on specific components within each of the areas. A time frame of five to six months was established for the fieldwork of the review to be completed.

Objectives of the Review Project

The terms of reference established by the FMB did not ask for cost-saving options of a specific dollar target. However, the Project Group was given to understand, the real requirement was for recommendations which hone the capacity to induce large budgetary effects over time. "Tinkering with" or "fine-tuning" of programs or structures would not produce the necessary ability to control the current rate of cost escalation.

In some cases, the savings recommended by the Project Group could be calculated with reasonable accuracy; in others only approximations or ranges and options are possible. For this reason, no precise estimate can be given of the total economies to be realized, but it can be stated with confidence that the recommendations have the power to yield annual savings of many tens of millions of dollars.

Terms of Reference

Given the immense scope of the project, and the extremely limited time frame, a considerable amount of effort was put into refining the terms of reference through discussions between the FMB and the Project Group.

The FMB focused the review on the following areas:

A. Management and Organization
  - headquarters management structure;
  - Executive Committee ("Cabinet") support structures;
  - regional operations;
  - role of boards and agencies;
  - community self-government and the essentials of an efficient relationship between the territorial Government and self-governing communities.

B. Support Service Delivery
  - support service delivery structures;
  - asset maintenance system and standards;
  - personnel management systems and procedures;
  - capital project standards, management and delivery.

C. Programs and Program Delivery
  - health services delivery;
  - social services;
  - legal aid delivery;
  - advanced education.

Organization of the Report

This Report is organized in three parts in line with the areas outlined by the FMB. They range from the broad scope in the Management and Organization and Service Delivery sections to considerable detail in the section which examines and reviews certain GNWT programs. As well, there are separately bound appendices to the report, as indicated below.

Management and Organization deals with the management and structure of the GNWT, including central machinery, boards and agencies, and the conditions of efficient transfer of responsibility from the territorial Government to communities which wish to increase their level of self-government.

Support Service Delivery examines the operation of service departments within the GNWT and the delivery of their programs to client departments. General findings respecting re-alignment and streamlining of service delivery and cost savings within the service departments are outlined. This section also touches briefly on personnel policy and the issue of aboriginal representation within the GNWT civil service.

Program and Program Delivery reviews the program and program delivery aspects of Legal Aid and the Departments of Health, Social Services, and Advanced Education. This chapter includes numerous recommendations for cost-cutting and cost-containment based on in-depth program evaluations which are detailed in the Appendices to this Report. These appendices are an integral part of understanding the rationale and justification for the recommendations contained in this part.

The Question of Efficiency

The objectives set out for the Project in its terms of reference speak of "opportunities for improved efficiencies and economies" as well as "savings opportunities". While the Project Group has been guided by the need to deliver savings or structural changes which will enhance the ability to control costs over time, the terms of reference were also interpreted to mean that the effectiveness of the public service is also very much a matter of concern.

For the purposes of this Project, the term "efficiency" was defined as the ratio of effectiveness to cost, and the Project Group was concerned with the many ways this ratio, or relationship can be improved. For example, if ways could be found to increase effectiveness for the same cost, the result is greater efficiency.

A significant part of the Review Project was directed to the improvement of service rather than the reduction of cost or improvement of cost containment capacity.

Many people will argue that cost and quality of service to the public is an inevitable trade-off. It is the conclusion of the Project Group that this is not the case. Productivity and organization experts around the world agree that quality improvement which results from simplification and streamlining often leads to large cost reductions. In the GNWT, as restraint/consolidation/simplification become the required beacons of management, it is important to emphasize improvement in quality of service to the public as you promote cost-containment. Some people will have trouble accepting this, especially in the Northwest Territories where incrementalism (more money spent, more programs) has been institutionalized. It is, nonetheless, true and must become a part of the management "culture" in the GNWT.

Budget reductions and government reorganization must be seen as an opportunity to consolidate and simplify, to develop a more efficient government organization which provides a quality service to the public it serves. The GNWT is in a positive position to begin change toward an outstanding "made in the north" structure staffed by a committed "home-grown" civil service.

Findings of the Review Project

The Project Group does not believe the GNWT's fiscal problems are primarily a question of "fat" in government or the result of a "Cadillac" or "over-centralized" operation. The GNWT is the most decentralized government in Canada with a well developed regional and area office structure. In addition, the GNWT has focused over the last few years on keeping the size of the organization from growing, and has allowed, on average, person year growth of less than 1% per year, primarily for education and health professionals.

Instead, the GNWT inherited a deep legacy of severe socio-economic problems in the north, including widespread illiteracy, unemployment, drug and alcohol abuse, poor housing, family violence, and crime. The GNWT has attempted to respond to these problems with an expanding number of costly programs, many of them drawn from the social welfare model of southern Canada. (See Figure 1 for the 25 largest program areas of the GNWT.)

But there is evidence these programs are not solving problems in the north so much as they are masking them. Many social welfare programs (the "safety net" programs) were developed in the southern Canadian industrial economy as a means of providing temporary relief for individuals and families; they were not intended to be a permanent way of life for a majority of the population. They are becoming that way in the north. The underlying problem now facing the north is the dependence on government. The native population of northern communities is not adequately equipped and trained to meet their own needs, and they are under-represented in the wage economy, the private sector, and the government jobs of the north.

The north and the people of northern communities are now in the middle of a long period of transition in which permanent communities and a more modern economy will be the dominant features of life. At this stage, however, the transition is not successful and the modern north is largely a "welfare economy". If the north is to move forward to a non-welfare economy, northerners must have the tools and the support to meet more of their own needs. As one example, the proportion of people receiving social assistance is far higher in the north than in the south. The tens of millions of dollars provided in social assistance, goes largely to the acquisition of imported goods and services, as there are too few locally produced goods and services in the north.

FIGURE 1: TWENTY-FIVE LARGEST PROGRAM AREAS IN THE GNWT

The following are the twenty-five (25) largest program areas in the GNWT (based on O&M dollars only).

	1991-92 MAIN ESTIMATES ($000)
Health - THIS (Territorial Health Insurance Service)	113,428
Education - Schools	112,471
Northwest Territories Housing Corporation - Housing Associations	64,965
Government Services - Petroleum Products	57,000
MACA - Municipal Operations	41,399
DPW - Accommodation Services	35,966
Social Services - Community and Family Support	35,605
DPW - Utilities	32,460
Arctic College	27,994
DPW - Buildings and Works	26,459
Justice - Police Services	22,827
Education - Advanced Education	21,618
Renewable Resources - Forest Fire Management	20,473
Transportation - Highway Operations	18,808
Health - Medical Travel	18,789
Social Services - Corrections	18,714
Northwest Territories Housing Corporation - Finance and Corporate Services	17,216
Government Services - Liquor Commission	16,839
Economic Development and Tourism - Business Development	15,488
Personnel - Employee Benefits	14,416
Health - Medical Care Plan	13,248
Social Services - Family and Childerns' Services	12,500
Health - Supplementary Health	11,752
Social Services - Directorate	11,442
Health - Administration	10,791

Similarly, the proportion of people receiving social housing is also far higher in the north than in the south. Outside of Yellowknife and some of the other large centres, almost 100% of the housing in northern communities is social housing. There is virtually no non-government housing sector, and the northern labour force again lacks the tools and the support to create a private housing sector.

The need for greater "home-grown" economic development in the north is well known to the GNWT. At the first GNWT Cabinet strategy seminar in 1987, and in every subsequent strategy session, the goal of greater northern economic development has been listed as the uppermost priority. In addition, in 1989, the Legislative Assembly established a 12-member Special Committee on the Northern Economy (SCONE). The report of this Committee (the SCONE Report) speaks urgently of the need to create a more skilled northern labour force and a more durable economic base as an antidote to the dependence on government welfare programs and social assistance.

The findings of the Project Group are closely in line with the findings of the SCONE Report.

In addition, however, there are other factors which drive up program costs in the north. The GNWT, for example, is by far the largest employer in the north, and to attract southerners it offers a generous benefit package including staff housing, dental and medical benefits, and vacation travel assistance. The quality and level of these benefits have come to be regarded as the northern standard, and many residents who are non-government employees, expect to receive precisely the same standard of living through government social programs.

In a similar way the Government of Canada has fiduciary obligations to aboriginal people which are the basis of a number of programs and program benefits. Some of these programs are delivered by the federal Government, and some are delivered by the GNWT on behalf of the federal Government. These programs provide a level of benefits to aboriginal residents which tends to be high in comparison to non-natives. As a result, the levels of service provided to aboriginal residents places the GNWT under pressure to extend comparable benefits to the whole population.

Further, residents of small communities see the greater levels of service provided in larger communities and expect that the same level of service should be provided in all communities, independent of community size. At the very least, if a program is introduced in the west it must also be introduced in the east, and a comparable level of service must be evident in the five regional centres. The services available in Yellowknife generate the greatest expectations and demands.

Public expectations do not generally take into consideration the cost of delivering some programs in isolated communities, the opportunity to take advantage of economies of scale in larger communities, or the fact that larger communities, notably Yellowknife, do not receive all their services from the GNWT, but utilize a local tax base to provide an enriched education system and recreational facilities.

To these factors must be added other factors such as the high cost of living in the north, the tremendous costs of transporting people and goods across the vast northern territory, and the very high construction costs in the rugged northern geography. Taken together, all of these factors will mean that effective cost containment will be far more difficult for the GNWT than for southern provincial governments. Unlike the provinces, the GNWT receives more than 70% of its budget through a negotiated formula financing agreement with the federal Government. Over half of the remainder comes from other transfers from the federal Government (e.g. cost-sharing agreements such as the Canada Assistance Plan, Young Offenders, Legal Aid, Vocational Rehabilitation of Disabled Persons and Established Program Funding). The lack of a tax base in the Northwest Territories precludes the government from raising significant revenue through taxes, as a way of meeting its fiscal challenges. This is a constraint which is not experienced by provincial governments.

Restraining expenditures will be a major challenge for the Legislative Assembly, the Cabinet, the civil service, and the people of the north. It will be a difficult and even painful challenge, but the challenge must be met and met squarely if the even more painful consequences of financial insolvency are to be avoided.

To help meet this challenge, the Project Group has arrived at a number of findings and alternatives. An outline of some of the more important conclusions and recommendations is presented below.

First, in the area of management and organization:

- Community governments are under-used in the north. Community governments need to be given greater scope and authority as it is essential that strong leadership be working at two levels. Bringing about social and economic development at the community level will require the strength of two levels of government. Accordingly, the work of government should be shared (divided) more evenly with communities, and the territorial Government should transfer more responsibility and resources to communities in the area of providing "services to people". This is not a question of further decentralization, but of enhancing the capacity of the community level of government.
- In order to provide strong support to communities, the territorial government must itself be stronger: better organized, less fragmented, and more coordinated. The territorial Government now has too many small departments. What were once branches of a single department of government (under DIAND) are now separate, free-standing and even competing departments. Pressures are being placed on territorial expenditures by too many departments vying for scarce funding. The GNWT should simplify and streamline its operating capacity by consolidating its operating departments.
- The GNWT has created too many non-essential boards and agencies, which have added to the cost of government, undermined the emergence of local government, and confused the public. These boards and agencies should be scaled back.

- The Cabinet and the central machinery of the GNWT does not now have the capacity to meet the needs of central direction and unified management. It should be strengthened.

Second, in the area of service delivery, it is recommended that the government consider:

- Having the Northwest Territories Power Corporation assume responsibility for the distribution of petroleum products.
- Consolidating related classes of services now housed in separate departments (i.e. project management, engineering and design, etc.).
- Identifying the means for significantly improving the short, medium and long term participation of aboriginal northerners in the public service and the necessary linkage to the Northwest Territories' education system. The primary objective should be to develop a "home-grown" public service.
- Containing costs in the supply and demand for energy in the Northwest Territories.

Third, in the area of programs and program delivery, it is recommended that:

- The GNWT introduce and/or increase the use of co-payments and means testing where possible in the delivery of social programs.
- The GNWT introduce measures designed to increase residents' awareness of the cost of services provided, even when there is no direct return for the government. For example, residents of public housing units should be billed directly for their utilities, and submit the bills to social service workers for payment; rather than having bills submitted directly to the Department of Social Services.
- An information base on program output measures be developed and maintained.
- A formal mechanism for program approval be implemented. The review process should ensure the cost and policy implications of new program initiatives are analyzed carefully before approval is given.

Employment Development and Income Support Coordination

- Consideration be given to establishing a Department of Education and Employment with a mandate for delivering all of the programs related to employment development and income support, including social assistance.
- The Department of Education and Personnel continue to develop the model for Career Resource Centres as per the functions described in the Employment Development Strategy and, that Cabinet approve the development of an income support system that gives employable social assistance clients priority for service through Career Resource Centres.

Arctic College

- The campus structure of the college be rationalized.
- The GNWT contribution to Arctic College be determined through a funding formula.
- Funding priority be given to adult basic upgrading and that these programs be delivered largely through community learning centres.
- Arctic College market its programs more aggressively to third parties.

Health Services and Facilities

- The Department of Health must be given every possible encouragement to continue with implementation of its "Northwest Territories Way" model for health delivery and rationalization of hospital facilities.

Federal/Territorial Roles and Responsibilities

- Areas of overlap or duplication be examined by the GNWT with respect to efficiencies which may be gained in streamlined and coordinated program delivery.
- Detailed examination of program elements should be conducted prior to talks with the federal Government. This examination should include resources available, program rationale, specific client group, and opportunities for improved efficiencies.

It should be stressed that these are only some of the conclusions and recommendations of the Project. Many additional detailed recommendations are contained in Parts II, III, and IV of this Report. **All** the recommendations will need to be considered fully if the GNWT is to successfully restrain its expenditures.

Although it is beyond the terms of reference of the Project, one crucially important deficiency was observed by the Project Group: collective Cabinet authority is not sufficiently established to clearly over-ride individual ministerial authority. There is not a sufficient locus of power within Cabinet to maintain among ministers the discipline and solidarity essential to the effective operation of Cabinet government in the Canadian tradition. Under this condition, the GNWT will have great difficulty in recognizing the need for fiscal integrity, let alone in taking strong action to preserve it. This condition also makes it difficult to establish a framework for a unified approach to public management. It is strongly recommended that the new legislature of the Northwest Territories, to be elected in the fall of 1991, address this problem as its very first order of business.

As will be seen in this Report, many of the Project Group's recommendations involve tightened management practices within GNWT programs. These improvements will be essential if cost-containment is to be achieved. But inevitably, to meet the scale of the financial problem now facing the GNWT, the Project Group is convinced of the need for major structural change as well - structural change involving program integration, departmental consolidation, fewer boards and agencies, and a much different role for community government in the north. However, the Project Group is convinced that structural change can be used as a fresh start by the GNWT and the public service in much more effectively solving the difficult problems of northern Canada. The Project Group fully believes that is a goal shared by everyone.

The kind of government that would emerge from the Project Group's recommendations is one that would look quite a bit different from the GNWT today. But that is precisely what is needed. It would consist of two strong and complementary levels of government, with the territorial Government establishing the legislative framework, setting territory wide standards and performing central coordination, while providing strong back-up support to a more empowered and involved community level of government. Community governments must have the authority, scope, and resources to manage increased responsibility for social, cultural, and economic development, and other critically important aspects of community well-being. A northern model of government should be founded on the strength of two levels of government and structured along clear and simple lines which are well-understood by people of the north.

The Legislative Assembly, the Cabinet, and the public service are now in a position to put a unique northern stamp on government in the north. The recommendations of the Project Group are put forward in that light. Even with these changes it is recognized that GNWT finances will continue to be strained to the limit. But without these measures a mushrooming deficit cannot be avoided.

PART II: MANAGEMENT AND ORGANIZATION

CHAPTER 1: INTRODUCTION

A. THE SCOPE OF THIS PART

The Project Group, in this part of the Review, was asked to develop an efficient, made-in-the-north plan of management and organization for the GNWT. This plan was to provide a blueprint for the evolution of the GNWT over the next ten years.

Northern government is today a complex amalgam of institutions and structures. The GNWT itself operates 375 programs delivered through 17 departments of government. All told, the GNWT now has a budget in excess of one billion dollars and a payroll of approximately 6,200 employees including boards and agencies. (Figure 2)

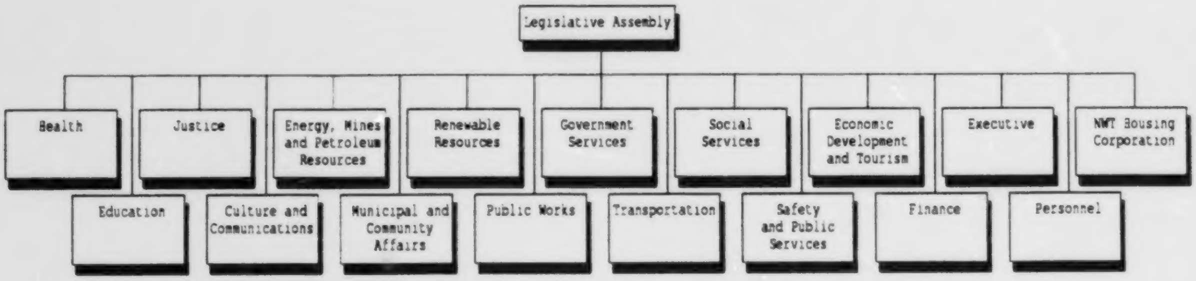
Community governments, starting in 1970, have now been created in most northern communities. A large number of boards and agencies (800) also exist, most of them providing an advisory function and operating outside the formal structure of the GNWT. In addition to these institutions of government, there are also Band Councils in the western arctic, and new boards of management are being created by the claims negotiations.

In a Review of this kind, the specific issues under examination necessarily had to be selective. Accordingly, the Terms of Reference focused the work of the Project Group in the following areas of management and organization:

- the elements of a more efficient and durable relationship between the GNWT and community governments;
- a role for departmental headquarters which would be more fully supportive of community governments;
- the effects of widespread proliferation of third party boards and agencies in the GNWT;
- operating department structure, and the potential to create a less costly and a better organized structure through consolidation and amalgamation of departments;
- the role of regional operations in the GNWT;
- the layers of management in the GNWT;
- the needs of government for central direction and the central machinery of the GNWT.

FIGURE 2: GOVERNMENT ORGANIZATION

GNWT ORGANIZATION CHART (1990-91)


Legislative Assembly
Health
Justice
Energy, Mines and Petroleum Resources
Renewable Resources
Government Services
Social Services
Economic Development and Tourism
Executive
NWT Housing Corporation
Education
Culture and Communications
Municipal and Community Affairs
Public Works
Transportation
Safety and Public Services
Finance
Personnel

SUMMARY OF THE TOTAL PERSON YEAR REQUIREMENTS FOR THE GNWT AND RELATED INFORMATION FOR MAJOR FUNDED AGENCIES* (1990-91)

	Person Year Complement
Legislative Assembly	17.5
Executive	153.3
NWT Housing Corporation	157.0
Finance	153.3
Culture and Communications	99.3
Personnel	115.0
Justice	100.9
Safety and Public Services	65.0
Government Services	140.8
- Revolving Fund	92.0
Public Works	417.7
Transportation	189.4
Renewable Resources	254.5
Municipal and Community Affairs	151.8
Health	126.8
Social Services	431.9
Energy, Mines and Petroleum Resources	25.9
Economic Development and Tourism	139.1
Education	473.2
Total Department Person Years	**3,304.4**
Health Boards	1,174.1
Arctic College	211.0
Divisional Boards of Education	1,125.1
Housing Associations	337.0
Total Board/Agency Person Years	**2,847.2**
Total Department and Board/Agency Person Years	**6,151.6**

* Figures relating to agencies have been provided by the agencies. Agency data may be based on positions or some other workforce measure different from the GNWT person year system.

In the space of time available, the Project Group has looked at all of these issues and has drawn a number of conclusions and recommendations. This report proposes a new and more efficient plan of management and organization for the GNWT. This plan has been developed to allow the GNWT to build up strength at two levels of government, in order to better meet the needs and challenges of northerners in the context of modern northern community life.

B. THE CHALLENGE OF NORTHERN GOVERNMENT

The GNWT exists to serve the 64 communities of northern Canada and the 54,000 people who live in those communities.

The challenges of this task are many. Perhaps the most obvious is the physical challenge of serving 64 communities spread across one-third the land mass of the world's second largest country. The people of Canada's Northwest Territories are a pluralistic, multi-ethnic society of Inuit and Inuvialuit (35%), Dene (17%), Metis (6%) and non-native (42%). There are nine official languages in the Northwest Territories, of which seven are traditional native languages. The north is the only jurisdiction in Canada where native people are the majority. They form the largest share of the population, the electorate, and the representation in the Legislative Assembly.

The north is a young and changing society. More than half its population consists of young people under the age of 25, who are growing up in a world of Detroit television, modern homes, personal computers and mega projects. Yet the trappings of modern life are superimposed on native value systems, culture, and languages which are centuries old.

Against this backdrop, effective northern public administration is difficult and complex in a way unexperienced by any other Canadian political jurisdiction. The GNWT must respond to a world of change and contrast between new and old, a world which at one and the same time holds rotating southern work crews and centuries old northern traditions, mega projects and micro communities, deeply felt cultural values and ultra-modern technology, untouched beauty and environmental contaminants, and new jobs and nagging unemployment.

The north is a constant contrast of old and new, big and small, ruggedness and fragility.

Moreover, northern public administration must continue to be carried out smoothly while the very nature of government in the north is still changing. The territorial Government continues to assume province-like powers from the federal Government. These must be absorbed smoothly. At the same time, pressures for aboriginal self-government remain strong and land claims are producing new institutions of co-management. Finally, division of the Northwest Territories into two territories, which would redraw the northern political map completely, is proposed for 1997.

Communities As A Way Of Life

The many counter forces in Canada's north, between old and new and big and small, are most strongly felt in the communities of the Northwest Territories.

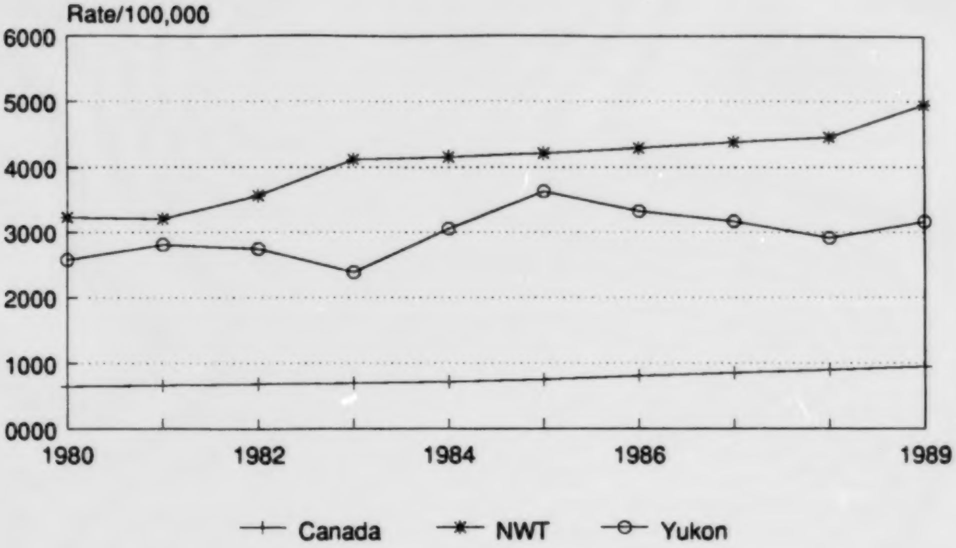
Outside of Yellowknife, dozens of communities dot the northern landscape. The thin northern population base of 55,000 people is spread across 64 widely separated, often very small communities. Three communities, Iqaluit (formerly Frobisher Bay), Inuvik and Hay River, each have about 3,000 people. There are, in addition, eight other communities (Pangnirtung, Baker Lake, Eskimo Point, Rankin Inlet, Cambridge Bay, Fort Smith, Pine Point, Rae-Edzo) with more than 1,000 residents. The remaining population is scattered among the other communities, many of them isolated harvesting centres. In the eyes of many southern Canadians these communities seem too small and too remote, but these communities **are** the north, and the success or failure of northern development rests on how well these communities can develop socially and economically over the next decades.

No two northern communities are the same. Some are nestled in the forests of the Mackenzie Valley, others are located in the treeless high Arctic, three time zones away. Some sit quietly by themselves, while still others are located next to rich resource deposits and huge mega projects, which bring with them outside cash and rotating work crews. Some date back to old trading posts while others are more modern, government-created administrative centres.

Yet all are showing the strains inherent in the modern north. Although many northerners have arrived at a life-style and work-style which allows them to live and work successfully, there nonetheless remain disturbingly and stubbornly high incidences of alcohol and drug abuse, boredom, unemployment, family violence, suicide, disease, and under-utilization. There are many manifestations of community stress (see, for example, Figure 3 and 4).

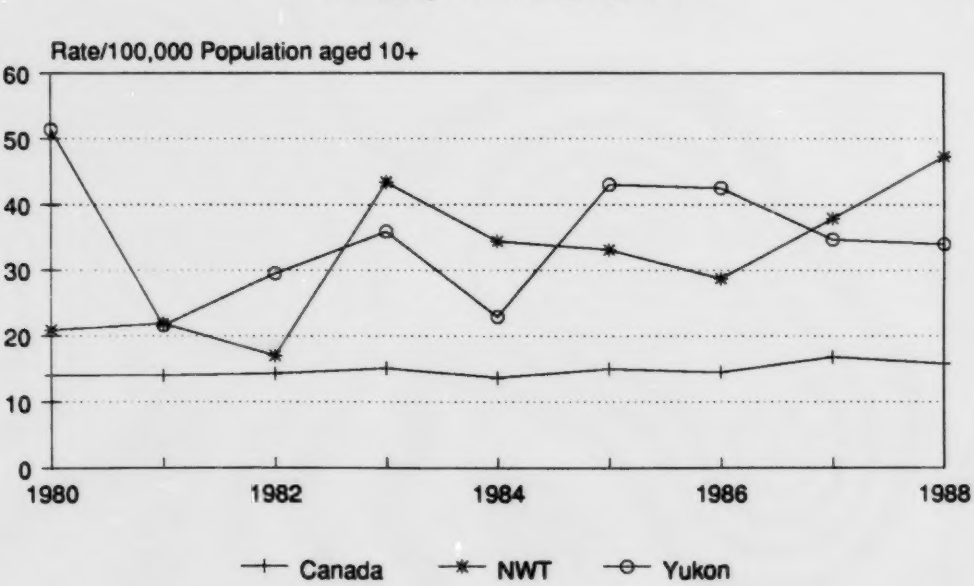
Violence (accidents, suicide and homicide) is the leading cause of death in the north. Violent deaths occur at much higher rates than in the general Canadian population. A particular concern is suicide, especially among the young Native population. During the 1980s, the Northwest Territories suicide rate was more than twice the Canadian rate; in the age group 15-24, the Northwest Territories rates were more than five times the Canadian rate. Also, poor health status contributes to community stress. Even tuberculosis, virtually eradicated elsewhere, persists as a problem - an outcome of overcrowded housing conditions.

FIGURE 3: VIOLENT CRIME
Canada, NWT and Yukon



Source: Statistics Canada
Catalogue 85-205, Statistics
Canada Demography Division

FIGURE 4: SUICIDE RATES
Canada, NWT and Yukon



Source: Rpt. of the Canadian Task Force
on Suicide in Canada 1987; GNWT Dept of
Justice 1989, YTG Bureau of Statistics

About 20% of the Canadian population 15 years and older is functionally illiterate; the rate for the native Northwest Territories population is 72%. Almost three quarters of the north's native population is therefore under-equipped to participate in a modern wage economy (see Figures 5 and 6). Many younger northerners at the same time are not acquiring the skills to participate in the traditional pursuits on the land. There is a very real danger that many northerners will become unskilled in two economies. Unemployment runs at 50% or greater in many of the smallest communities (and much higher if government jobs are subtracted).

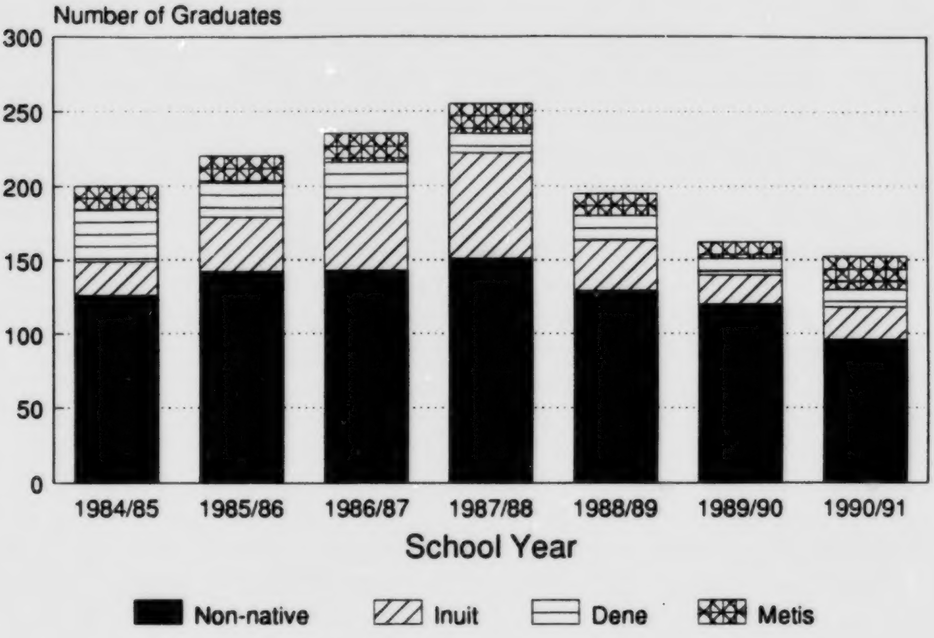
For the large numbers of northern young people now growing up in northern communities, these figures are tragic and disquieting. Too many northern natives - and especially the young - see themselves in a unforgiving time mirror, looking back at a past they cannot recapture and forward at a future which they cannot picture.

The north is now in the middle of a long process of adjustment in which permanent communities have become the dominant institution of day-to-day life. Northern communities will be where people have to live and work, whether it be in Ft. Simpson, Ft. Norman, Igloolik or Inuvik. Some may of course choose to move on to southern Canada, or other larger centres. The needs of the mobile cannot be ignored.

But for the vast majority of northerners for whom northern communities are and always will be home, living will revolve around the same fundamental equations of life as anywhere else: the need to raise a family, instruct the young, care for the elderly, have fun, and make a living. Whether this process is labelled economic development, social development, socio-economic development or community development hardly matters, except that these somewhat bureaucratic terms sometimes mask what is the simple yet essential need to curb the mounting human problems, and create greater social and economic stability for the people of northern communities.

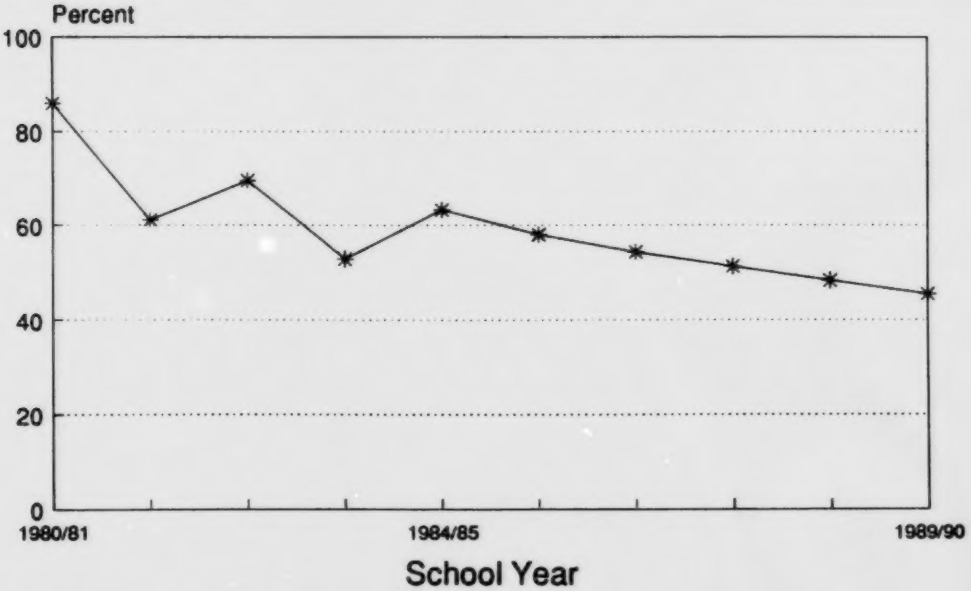
That is the focus and that is the goal of northern development.

FIGURE 5: NWT HIGHSCHOOL GRADUATES



Source: GNWT Dept of Education

FIGURE 6: GRADUATES AS A % OF GRADE 12 ENROLLMENT - NWT



Source: Department of Education

The GNWT is now the dominant institution in the north. By virtue of the command it has over, what is by northern standards, an enormous pool of resources (a budget of $1 billion dollars per annum and a payroll of 6,200 civil servants), it has a huge impact in northern communities. Yet this size is a mixed blessing. On the one hand, if used properly and efficiently, an institution of this size can produce enormous benefits for the north and the communities of the north. In many respects it has done this as the level of infrastructure in the north now clearly shows. On the other hand, an institution of such enormous size, especially in relation to the communities it serves, runs the risk of crowding out or crushing community initiative. If the people of the northern communities produce less and less for themselves, due to feelings of powerlessness, inadequacy, or an inability to cope, the result will be the reverse of economic development, it will be economic contraction. This will be a slide the GNWT cannot afford, since it simply does not have the revenues to provide for all the needs of northerners. An economy where half the people are under-employed and dependent on government is an economy which no government can afford.

The GNWT may now be at a turning point. The balance it strikes in what it does **for** northern communities and what it does **with** northern communities will be critical. A sustainable northern economy depends on each northern community and each person in that community becoming more fully employed, whether on the land, in the community or in the home. There will be no parachute solutions. The economic potential of northern Canada will be far greater, if each community is motivated to meet more of its own needs, or to meet the need of exports markets, and is **equipped** and **able** to take on that task.

That is the challenge facing the GNWT and the departments and agencies it operates.

CHAPTER 2: COMMUNITY SELF-GOVERNMENT IN THE NORTH

A. THE NEED TO RETURN GREATER RESPONSIBILITY TO THE COMMUNITY

Behind the modern infrastructure of northern communities, there is a weak and fragile economy. The modern north is largely a government-created modern north, and the very success of the government achievement masks questions about where northerners fit into their own communities. The tremendous pressures now being exerted on GNWT expenditures (for social assistance, housing, and community programs) are closely tied to the decline of a sustainable and self-sufficient economic base at the community level. The best social policy for the north is therefore an economic policy which places at the forefront greater community self-sufficiency. The path to greater community self-sufficiency, and better GNWT expenditure management, will lie in the same direction: restoring a greater measure of community-based responsibility for building (re-building) a strong and more sustainable economic and social base.

The Catch-Up Period

The era of modern government in the north began slowly in the 1940s, and picked up speed considerably in the 1960s and 1970s. Starting with schools, nursing stations, and family allowance cheques, the range of government services accelerated quickly to include housing, water and sewer, airports, social assistance, libraries, public buildings, child services, small business grants, and power plants.

All of this activity was driven by the need to catch up and introduce to the north the benefits of modern health care, recreation, schooling, transportation, heating systems and jobs. This program of modernization was started by the federal Government, and then increasingly taken up (in the 1970s and 1980s) by the new territorial Government as it assumed more responsibility for public administration.

This activity went hand-in-hand with the introduction of permanent communities. People who were formerly migratory were encouraged to relocate into permanent settlements where modern benefits could be provided. The success of adjusting from the old to the new (community) way of life is not over, and in fact has hardly begun. There are still a great many questions to be resolved about how people of the north will live and work in their new settings. Stable models of living and working will need to evolve if northern communities are to endure in a economically and socially viable way.

The Dependency Problem

One of the inevitable consequences of the growth of government was the diminishment of responsibility and self-sufficiency at the local level. Native northerners for generations had their own fully functioning economy. It was a "subsistence economy" but nevertheless all the elements of economic life were provided for: food harvesting, transportation, tool-making, caring for the sick and elderly, instructing the young, and provision of housing. These economic activities were provided by a structure of responsibility (a "labour force") which was based on well-defined roles for individuals, parents, elders, families, kinship groups, bands, and tribal councils.

In a period of relatively few decades, a major shift of responsibility away from this structure took place, and passed to government. Native northerners still engaged in hunting, fishing, and trapping, which had always been an essential component of northern life, but only one component. In other areas, the native population produced less and less of their basic economic needs, to the point where the government builds and maintains most housing in the communities, and is the largest landlord in the north. The government builds public buildings, and operates schools, nursing stations, libraries, and homes for the elderly. The government provides social workers, social assistance, drug counselling, alcohol treatment centres, and family services.

While many of these benefits are welcome, over a short period of years, almost 90% of the economy of the community was eliminated, and replaced with a government-created economy in which most northerners did not participate.

None of this has been the deliberate intention of government. To the contrary, it has rather been the impact of many forces of profound change, of which it would be impossible to ignore the dislocations caused by the rapid and overwhelming introduction of Western-style technology, business, languages, television, medicine, schools, culture, and the collapse of fur prices. "Big government" was only one of these factors, but no matter how delicate government tried to be, the size of government made it a mis-match for small communities. The catch-up period required a large-scale effort, but there was an inadvertent consequence. Going from a position of being fully responsible for their own lives, community residents became only marginally responsible. Community residents to a large extent have now become dependent on government and government assistance.

The GNWT recognizes the problem of dependency and is seeking to establish a new course. The problem has been stated frequently and eloquently. The recent report of the Special Committee on the Northern Economy (SCONE Report) set out clearly the need for change.

> *How can we reduce the continued dependence upon government which seems to be creating a northern "Welfare State"? How can we slow down and reverse what many feel is the moral and social disintegration of our communities? (p.10)*

> *There is undoubtedly a serious need to review and reform the total welfare system. We cannot continue to automatically implement a system which fosters dependence upon government, rewards non-work rather than work, erodes self-confidence, and helps to kill the spirit of initiative. (p.19)*
>
> *During our community visits, we were often disturbed by the totally unrealistic expectations that some people had of government. Government was blamed for all ills: government was expected to respond to all needs.*
>
> *As this happened time and time again, we began to appreciate that there was something intrinsically wrong with the way we were doing things. We were providing more and more services at the community level. But instead of helping people to stand on their own two feet, we were making them more and more dependent.*
>
> *We were particularly concerned when we looked toward the future. A rapidly growing population would mean that we would have to provide more and more services. But more services would likely create more dependency, especially among our young people. Was there a way out of this vicious circle? (p.45)*

The Special Committee was troubled by a future vision of northerners living out their lives as taken-care-of dependents in semi-comfortable, government run communities. It would be a bleak and unattractive downward spiral: loss of responsibility - dependence - more loss of responsibility - more dependence. The cost of this spiral would be large. The social cost would be seen in reduced self-esteem and self-worth. Those who have been left with less to do are the first to feel the pain of that condition. There would also be social program costs, in the form of social assistance, alcohol and drug abuse, family abuse and violence. And finally there is an economic cost - what economists would call under-utilization of human capital; in other words, people and their talents not being fully used.

In a study of government operations it would be glaring oversight not to mention the inefficiency which this would represent. Thus on these grounds alone - the social cost, the social program cost, and the economic cost, the return of greater community self responsibility and self-sufficiency is essential. As the SCONE Report noted, neither the communities nor the GNWT can afford the alternative. Community residents would resent the loss of control over their own lives and the GNWT will simply not have the revenues to distribute housing, social assistance, and community facilities to a population which is less and less able to provide for itself.

Beyond the Catch-Up Period - A Return to Greater Employment

The future prospects for northern communities hinge very strongly on how well communities can re-focus their efforts and their skills in taking on more of the work that needs to be done. The capacity to take on a far greater range of essential economic activity must be restored by a sustained and coordinated effort of communities and the GNWT.

Economic life in communities will always revolve around some fundamental needs. At a minimum (and this is only an illustrative list) this would include such things as:

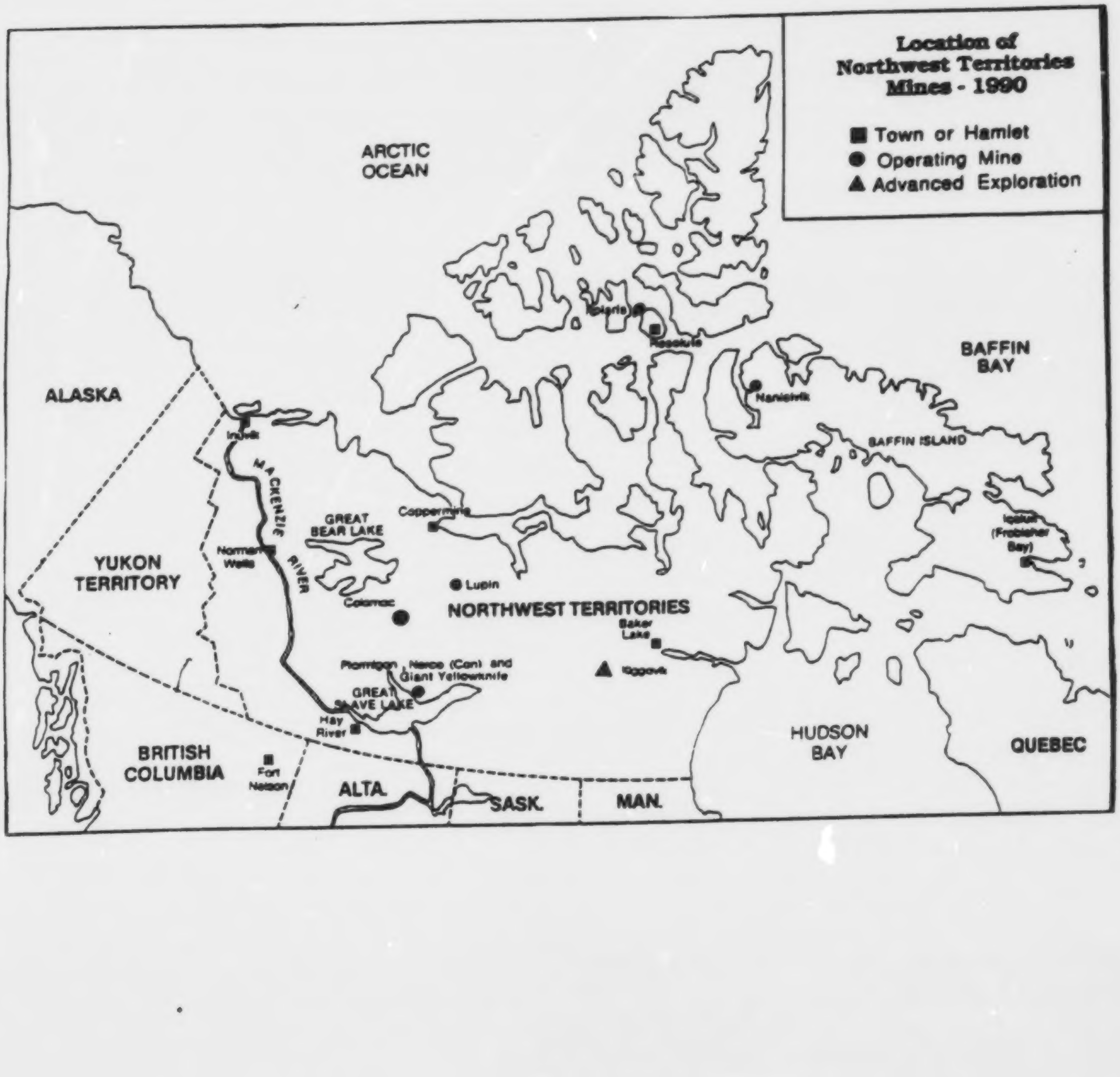
- you will always need food;
- you will always need housing;
- you will always need clothing;
- you will always need recreation;
- you will always need someone to instruct the young;
- you will always need a source of heat.

Greater community self-sufficiency must start by focusing on the ability to meet basic day to day economic needs. The more these needs can be met by the community, the more jobs there will be in the community. This is the path to greater employment. In some cases, northern Canada's mineral and oil and gas riches will provide opportunities for resource-based mega-projects, but while major resource projects will always be important, it must be recognized that they are only available in a minority of northern communities (see Figure 7), and they often have a boom-and-bust lifecycle. (What was once a flourishing mine at Rankin Inlet, for example, only lasted five years between 1956-62). Moreover, as the Berger report noted:

> *It is self-deception to believe that large-scale industrial development would end unemployment and underemployment of native people in the North. In the first place, we have always overestimated the extent to which native people are unemployed and underemployed by understating their continued reliance on the land. Secondly, we have never fully recognized that industrial development has, in itself, contributed to social, economic, and geographic dislocation among native people. (Vol. 1, page 123).*

The focus of community effort may therefore include large-scale developments or exportable products, when these opportunities are feasible across the north: minerals, oil and gas, sawmills, fish and meat plants, and tourism. Equally though, communities should aim their efforts at reducing the heavy dependency on imports, whether in local housing construction or local food production. According to the SCONE Report, each year northern communities import more than $1 billion of materials, goods, and construction, at a time when there is often more than 50% unemployment in those communities. These imports include for example, $120 million in food products. Communities in the Mackenzie Valley which once grew their own vegetables - and even had a surplus - no longer do so.

FIGURE 7:


Location of Northwest Territories Mines - 1990
■ Town or Hamlet
● Operating Mine
▲ Advanced Exploration
ARCTIC OCEAN
BAFFIN BAY
ALASKA
Polaris
Resolute
Nanisivik
BAFFIN ISLAND
Inuvik
MACKENZIE RIVER
Norman Wells
GREAT BEAR LAKE
Coppermine
YUKON TERRITORY
Lupin
Colomac
NORTHWEST TERRITORIES
Baker Lake
Kiggavik
Iqaluit (Frobisher Bay)
Ptarmigan, Nerco (Con) and Giant Yellowknife
GREAT SLAVE LAKE
Hay River
HUDSON BAY
BRITISH COLUMBIA
Fort Nelson
ALTA.
SASK.
MAN.
QUEBEC

But whatever the focus of their efforts, the point being made is that the effort must be founded on the capabilities and initiative of each community. Each community must ask itself:

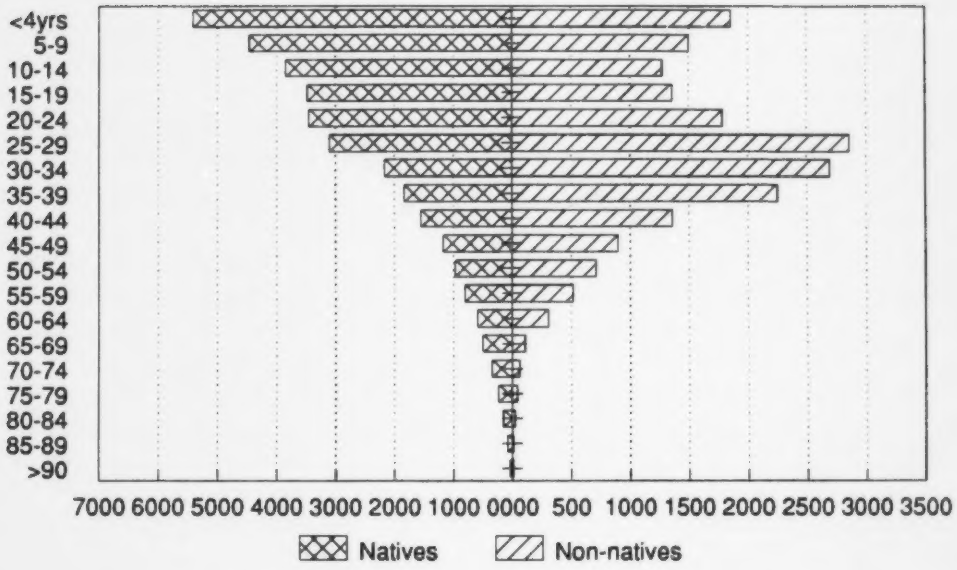
- Where does the community buy its groceries, automobile gas, clothing, construction supplies, and heating fuel?
- What portion of these expenditures take place away from the community?
- What can the community do to assert a greater degree of self-reliance and self-sufficiency?
- What unique community values should form the basis of the way the community will organize itself?
- What business(es) make the most economic and social sense to the community?
- Where do we go from here?

These questions will have to be asked and answered, if northerners are to be fed, clothed, housed, and healthy. This is all the more critical as northern communities face a huge bulge of young people (see Figure 8). Estimates prepared for the SCONE Report showed the magnitude of this challenge. In the 46 smaller, under-developed communities of the Northwest Territories (where unemployment and under-employment is now greatest) a total of 11,400 **new** jobs will be needed over the next ten years. The challenge facing the GNWT will be to create the means for people of those communities to come to grips, on their own terms, with the job (and the jobs) of meeting a much greater range of the economic needs and social responsibilities in their own communities, e.g. harvesting of their own food, the construction of their own shelter, and the care of their elderly.

Toward A More Sustainable Economic Future

> *Economic development must flow from, and reflect the spiritual and cultural values of the people who live in the community.*
>
> *Economic development is not an end in itself. It is a means to an end - a way of helping people live their lives in a way that corresponds to their values and beliefs. That is why choosing the kinds and manner of development is so important. Some kinds of economic activity might promote the values of the community; other kinds of economic activity might destroy or weaken those values.*
>
> *Because of the direct relationship between economic development on the one hand and a community's spiritual and cultural values on the other, communities can not be developed from the outside or from the top down. Communities must develop themselves. The process of community economic development occurs from the bottom up, from the inside out. The role of government is to assist, support, negotiate, train, facilitate, share resources, share power, and share decision-making.*
>
> *(SCONE Report - 1989, Page 47 and 48)*

FIGURE 8: NWT POPULATION BY AGE AND ETHNIC GROUP - June 1990



Source: GNWT Bureau of Statistics

Northern communities which do want to meet more of their needs will need assistance, but they must arrive at their own culturally-based methods and models of being productive. The SCONE Report makes this quite clear. How community residents choose to organize themselves to meet this responsibility may be a blend of old and new ways. Communities may choose to organize their efforts along many different lines, whether band development corporations, Co-ops, employee-owned business, community development corporations, private enterprise, community enterprise, or individual small businesses. This does not matter. What matters is that they organize in a way they choose, and in a way that works.

The territorial Government is an indispensable partner in this process, and can assist by further sharing and transferring (dollars, resources, training) those program areas and responsibilities which are integral to community economic and social life.

This might include (for example):

- 100% responsibility for building houses in the community;
- 100% responsibility for building and maintaining local public works;
- 100% responsibility for the social welfare of the community, and the eradication of drug and alcohol problems;
- 100% responsibility for the education of the young;
- 100% effort to expand the production of grown and harvested country food.

Perhaps this process could be completed in 10-15 years, if the right training went hand-in-hand with the transfer. One thing is clear: it will be difficult and there will be mis-steps. Just as the process of losing these elements of the economy was difficult and traumatic, the process of regaining them will be equally difficult.

Restoring a community economic base will have to start with a community's own culture, organization, discipline and hard work. Strong community economies will grow the same way all economies grow, through a strong desire to produce or do something for oneself or somebody else, whether that somebody else is across the street or across the world. That essential economic and self-reliant impulse is the first step. Some communities will have it, some may not, but for those which do, the second step is "fuelling" the process with the resources available at the local level. More of the resources available **in** the community must be made available **to** the community for use **by** the community: all the services (schools, training funds, social assistance, housing programs, business funding) must be carefully fused together in a workable whole.

As it stands today, communities do not have sufficient control over the tools and the resources they need to meet the task. The community is fractured into dozens of different pieces, and each piece is pulled by strings which extend back thousands of miles to the hands of a distant administration. There are too many highly fragmented, distantly controlled streams of programming coming into the community for strong action to be possible. The GNWT operates 375 programs, which represents more programs than there are people in many northern communities. Add to this the many streams of federal programming coming into each community, and the degree of severe fragmentation is evident. Proper coordination of resources is impossible.

Distant civil servants - no matter how far-sighted and well-meaning - will never take the place of community residents in creating a blueprint for modern community life. (What someone described as short term residents making long term decisions.) Plans created from far-away will not have the vital ingredients for success - local commitment and vision. Northern people and northern communities must take a more active part in mapping out a vision of social and economic life in which each person can see that they have a productive and meaningful role to play.

Greater economic self-sufficiency for most northern communities will therefore have to be evolved by communities and the GNWT in unique ways. The pattern for northern community economic life will not be found elsewhere. In no other culture is the value of land - and the hunting, fishing, trapping lifestyle -such a vital component of economic and social life. Many of the food basket needs of northern households can be met in this way. Nowhere else are the communities so small and distant, which will make impossible the kind of highly specialized wage economy seen elsewhere. Northern community economic life will have to respect and reflect occupational versatility, flexibility, adaptability, home production, the rhythm of a seasonal lifestyle, and household self-reliance. Community households must be flexible and proficient in harvesting, gathering, processing, servicing, construction, repair and other support activities. The hunter whose skidoo breaks down in the bush cannot rely on a fly-in mechanic.

The case presented here should not be interpreted as a return to an economic life of the distant past. Nor should it be interpreted as a simplistic case for a totally self-contained community economy. Neither of these paths is feasible. Northern communities live in the broader context of a Canadian economy and a global economy. A modern north offers many new opportunities for people of northern communities, whether in trucking, airlines, broadcasting or real estate. Some northern communities will have access to medium and large-scale economic projects and native northerners must be positioned to benefit from these projects and their spin-offs. Communities must work hand-in-hand with the GNWT and senior economic planners in capturing the employment and business benefits which every opportunity provides.

Strong Leadership at Two Levels

For the Northwest Territories, greater economic strength and self-sufficiency rests on greater community strength and self-sufficiency. The acute and growing problems of northern unemployment, under-employment, under-utilization, and under-production can be arrested, but a new approach must be adopted. The GNWT has taken community development a considerable and impressive distance: a strong infrastructure of facilities and resources is now firmly in place. Now the GNWT must turn its attention to supporting community-based initiative and restoring strong community-based leadership. Getting to the bottom of community problems will require a major bottom-up effort.

The process of developing workable models of community life over the next decade will require strong leadership, but strong leadership at two levels: the community level and the territorial level. A more equal partnership will need to be forged if the effort is to succeed. The partnership cannot be one-sided.

The government of the north will need to move to a new form of organization, one which combines the advantages of both small and larger units. Stronger and more durable community governments will need to be created and linked together with a strong territorial Government.

B. GOALS OF COMMUNITY GOVERNMENT IN THE 1990s

Community leadership, and elected community governments will have an extremely important role in the future. It is the view of the Project Group that community governments must play an integral part in the process of adjusting to modern community life, and in developing more stable and self-sufficient patterns of life and work in the community.

The Project Group puts forward the following as goals which might guide the future development of northern community government. The scope, authority, and resources of northern local government in the 1990s, should be such as to enable it:

- to perform efficiently a wide range of profoundly important tasks concerned with the safety, health and well-being, both material and cultural, of people in different communities.
- to marshall the energy, talents, and capabilities of community residents, in ways that are productive and meaningful, in order to meet the needs of full community employment and greater economic self-sufficiency.
- to develop enough inherent strength to deal with territorial authorities in a valid partnership, and
- to adapt itself, without disruption, to the present unprecedented process of change in the way northerners live, work, and enjoy themselves.

C. THE FIRST STEPS TOWARDS A STRONGER ROLE FOR COMMUNITY GOVERNMENT

Since 1966, the GNWT has stated its intention to create strong and more prominent community governments. Many GNWT position papers confirm this and while the first steps have already been taken, the most critical steps lie ahead.

In the period 1970-1990, the GNWT created local governments across the north, and turned over to them services which can be characterized as "services to property": water supply, sewage and waste collection, fire protection, recreation programs, and operation of local airports. In a sense, this can be regarded as "Phase 1" in the evolution of community government in the north. Local governments now operate in over 45 communities, with a combined budget of approximately $80 million, and a staff complement of approximately 1,000 people. In addition to the **City** of Yellowknife, there are four **towns**; Fort Smith, Hay River, Inuvik, and Iqualuit; and two **villages**: Norman Wells and Fort Simpson. There are 36 **hamlets**, and three **settlements**. (See Figure 9)

"Phase 2" of community government intends to augment the current services to property with broader responsibilities for "services to people". Figure 10 illustrates the proposal for the further development of community governments. Phase 2 in the development of community government represents a major step for the GNWT. It signals a new partnership and new balance in the relationship between the territorial Government and the communities of the north. It is a recognition that "managing the north" is a large and difficult task which requires the combined and fully harmonized efforts of two strong levels of government.

However, for such a major initiative, what is needed is a more efficient and better managed plan of implementation. To fulfill Cabinet's intentions to bring communities in as strong partners in managing the north, the steps in this direction will have to be given the proper time, energy, and resources. For example:

- the new responsibilities and resources which are to be transferred to communities will have to be clearly identified, and defined in detail
- communities which have expressed an interest in transfer will have to know how to start the process
- the explanation and promotion of transfer will need to be stepped-up
- the steps and procedures for transfer need to be spelled out, and a mechanism for actually transferring legal responsibility and financial authorities has to be developed
- more than one department (not just Social Services which is now the case) will need employees who are specifically responsible for transfer of programs

The Project Group has examined the elements of an efficient and well-managed plan of implementation for the further development of community government in the north. At the centre of this plan of implementation is a proposed new mechanism, "Community Transfer Agreements". This mechanism has been designed with a view to increasing the efficiency of future community-based programs, and providing a means for achieving greater cost containment in the future.

FIGURE 9:

COMMUNITY STATUS - JANUARY 1, 1991

Communities (No Legal Status)	**Bathurst Inlet**	
	Dettah	
	Fort Good Hope	
	Jean Marie River	
	Kakisa Lake	
	Nahanni Butte	
	Nanisivik	
	Rae Lakes	
	Snare Lake	
	Snowdrift	
	Trout Lake	
	Tungsten	
Settlements	Colville Lake	July 12, 1990
Settlement Corporations	Arctic Red River	January 1, 1990
	Enterprise	July 1, 1988
	Fort Resolution	
Charter Communities	—	—
Hamlets	Aklavik	January 1, 1974
	Arctic Bay	July 1, 1976
	Arviat	December 1, 1977
	Baker Lake	April 6, 1977
	Broughton Island	August 31, 1979
	Cambridge Bay	April 1, 1984
	Cape Dorset	April 1, 1982
	Chesterfield Inlet	April 1, 1980
	Clyde River	July 1, 1978
	Coppermine	April 1, 1981
	Coral Harbour	April 1, 1972
	Fort Franklin	April 1, 1972
	Fort Liard	April 1, 1987
	Fort McPherson	November 1, 1986
	Fort Norman	April 1, 1984
	Fort Providence	January 1, 1987
	Gjoa Haven	April 1, 1981
	Grise Fiord	October 1, 1987
	Hall Beach	April 1, 1978
	Holman	April 1, 1984
	Igloolik	April 1, 1976
	Lac La Martre	April 1, 1986
	Lake Harbour	April 1, 1982
	Pangnirtung	April 1, 1972
	Paulatuk	April 1, 1987
	Pelly Bay	April 1, 1972
	Pond Inlet	April 1, 1975
	Rae Edzo	April 1, 1971
	Rankin Inlet	January 20, 1975
	Repulse Bay	July 1, 1978
	Resolute Bay	November 3, 1987
	Sachs Harbour	April 1, 1986
	Sanikiluaq	April 20, 1976
	Spence Bay	April 1, 1981
	Tuktoyaktuk	April 1, 1970
	Whale Cove	July 1, 1976
Villages	Fort Simpson	January 1, 1973
	(Hamlet)	(July 1, 1969)
	Norman Wells	April 1, 1986
	(Hamlet)	(April 1, 1981)
Towns	Fort Smith	October 1, 1966
	(Village)	(L.A.D. - 1958)
	Hay River	July 18, 1963
	(Village)(Hamlet)	(1953)(1949)
	Inuvik	January 1, 1970
	(Village)	(April 1974)
	Iqaluit	October 1, 1980
	(Village)(Hamlet)	(April 1, 1974)(July 1, 1971)
	Pine Point	April 1, 1974
	(Village)(Hamlet)	(Jan. 1, 1973)(June 1, 1969)
City	Yellowknife	January 1, 1970
	(Town)(Municipal Dist.)	(July 18, 1963)(June 30, 1953)
	(L.A.D.)	(December 18, 1939)

FIGURE 10:
THE EVOLUTION OF LOCAL GOVERNMENT IN THE NORTH

	Phase 1: 1970 - 1992	Phase 2: 1992-2000
1. Programs and Services Turned Over to Local Government	• Water/Sewer • Street Lights • Airports • Fire Protection • Town Planning • Garbage Collection • Street Maintenance • Recreation	Possibilities: • Day Care • Economic Development • Housing • Drug and Alcohol Treatment • Welfare • Adult Education • Schools • Crisis Shelters • Others?
2. Driven By	Municipal and Community Affairs	Cabinet and High-level Implementation Group
3. Local Government Budget	$80 Million	?
4. Local Government Staff	1,000 employees	?

The Question of Band Government

It should be noted that the Project Group was not asked to comment on either the "what" or the "who" of community transfers. In other words, the Project Group was not asked to recommend on the range of programs which might be transferred. Nor was it asked to recommend who might receive the transfers. This latter question becomes important especially in the communities of the western arctic where Band Councils often exist side-by-side with municipal governments.

Nonetheless, it will be apparent from the preceding section that the Project Group believes that traditional structures of responsibility should be restored to a more prominent position in the north of the future. The Project Group is aware that the GNWT has in place the Charter Communities Act, which is unique in Canada. This legislation allows Band Councils to combine with non-band members under a local government structure which is compatible with Band tradition, but covers the entire local (band and non-band) population.

To date, there are no charter communities. Whether or not this legislation is flawed in one respect or another, the Project Group does not know (i.e. too complicated, improperly understood, etc.). Nonetheless, the Project Group assumes that continued flexibility will be provided, and that bands will play an important role in community government. Communities must be allowed to come forward with a local government structure acceptable to them - whether a "blended" or "hybrid" structure of some form or another. So long as it respects local tradition and so long as it represents the entire population, the GNWT should be prepared to advance the transfers of responsibilities to that community.

Efficiency at the Local Level: Doing the Job Successfully, at Least Cost

Community governments are now in place in most northern communities but they are not fully at the forefront in solving community problems, and making communities better places to live. While services to property are essential, they cannot be considered to be the real bread and butter programs that affect people's lives. Because of the limited role they have been assigned, northern community governments do not now have the capacity to take on the responsibilities of broader community leadership.

Rather than creating a single pinnacle of responsibility for social and economic affairs at the community level, the GNWT has instead created and divided responsibility among a host of other community-based committees and agencies (often as many as two or three dozen) which operate outside of and apart from the elected community government. These groups in some cases provide advice on GNWT programs, while in others, they are major players in program delivery (e.g. daycare societies).

This community input is in accord with the general thrust of community responsibility, but there are a number of restrictions, limitations, and inefficiencies in the way the communities have been fragmented:

- there is no overall leadership for tackling major community problems;
- communities have no ability to move funds from low priority to higher priority concerns;
- problems are not met head-on because while the problems are linked (e.g. alcohol and spousal assault), the programs and resources are not;
- resources at the local level are often spread very thinly, and many of the smaller groups do not have strong leadership, administrative, accounting or management skills;
- community-based groups have very little room to modify or reconfigure programs, and the particular needs of the specific community are not recognized in the "cookie-cutter" program designs.

Consequently, if communities and community governments are to play a stronger role in managing "the north", a funding relationship would need to be created in which the following types of advantages and efficiencies are maximized:

- integrating program resources to meet problems head-on;
- enabling funds to be moved from low priorities to top priorities including across program or departmental lines;
- reducing the duplication and overlap of existing local staff (e.g. maintenance crews) and reallocating the resources thus saved to other community needs;
- channelling funds that now go to small organizations without adequate administrative abilities, through a far more accountable (elected, bonded, competent) administration;
- maximizing local employment opportunities and reducing recruitment/turnover costs;
- maximizing the potential to generate local initiative and greater voluntary effort;
- increasing the local "ownership" of problems and the chances of successfully solving them.

Community Initiative: Strong Signs

There are now strong signs that communities **are** interested in taking the initiative in areas like social and economic programs, and in tackling problems like drug and alcohol abuse, illiteracy, unemployment, and housing. Examples of these initiatives:

- Fort Liard Band Council is constructing 20 houses on their own initiative, over and above the Housing Corporation allocation for the community;
- Coppermine Hamlet Council has proposed that they manage the secure custody group home in their community on behalf of the Department of Social Services;
- Cambridge Bay has seconded the services of the former Superintendent of Economic Development and is implementing their own community specific economic plan; plans are in the works to take over social service programming and delivery; as well, ten new apartments are being constructed in addition to the Housing Corporation allocation;
- Arctic Red River has integrated seven programs under the umbrella of their Settlement Corporation;
- Tuktoyaktuk is working with Social Services to take on more responsibility for programs like social assistance and drug and alcohol abuse; this work is being fully supported by the Inuvialuit Regional Corporation;
- Spence Bay has built and operated their own crisis shelter for victims of family violence;
- Fort Good Hope has run a number of programs for years, including language and cultural programs, employment and training and drug and alcohol programs; the community boasts the most beautifully constructed log HAP houses in the Northwest Territories;
- Many communities are taking on the responsibility for the joint project management and construction of major facilities (arenas, firehalls, Hamlet offices).

Additionally, most communities are involved in the operation and delivery of the following programs:

- drug and alcohol
- recreation
- radio stations
- daycare centres
- tourism centres
- municipal services
- employment and training

These examples are signs that communities have a strong interest in providing community driven initiative in meeting the needs of community economic and social development.

CHAPTER 3: A PLAN OF TRANSFER FOR THE NEXT PHASE OF COMMUNITY SELF-GOVERNMENT

The challenge now is to efficiently facilitate the transfer of more program authority and resources to those community governments that are demonstrating the interest and are prepared to develop the necessary abilities. This is a key pre-condition for transfer.

Indicators that the community is indeed ready to proceed with additional responsibilities, include:

- previous assumption of other programs or services;
- the effective and stable financial performance of previously assumed functions;
- a demonstrated level of community motivation, self-reliance and consensus with regard to accepting major new responsibilities.

This basic level of readiness would be necessary before additional transfers could begin.

A. COMMUNITY TRANSFER AGREEMENTS: A NEW MECHANISM

For those communities in the north which are ready to assume greater program responsibility, it is proposed that the GNWT use a new mechanism, namely the "Community Transfer Agreement". In order to ensure greatest efficiency, the key elements in the proposed agreements would include:

- block, or semi-block, funding;
- multi-year funding;
- considerable flexibility for communities to reallocate funds and/or reconfigure programs to suit local conditions, within the broad policy guidelines of the territorial Government.

Some of the other essential features of a **Community Transfer Agreement** are described below:

What: Community Transfer Agreements would be multi-year agreements which turn over resources ($, people, assets) to community governments to enable them to carry out specific program responsibilities.

Who: Community Transfer Agreements would be negotiated between interested communities, and the GNWT. Agreements would be negotiated with individual communities, **or with groups of communities**, when smaller communities do not have the administrative capacity to undertake the responsibilities on their own.

When: It is likely that this transfer would not occur in all communities at once, but over the term of the next Legislative Assembly, it would be realistic and feasible to put in place agreements with a significant number of communities.

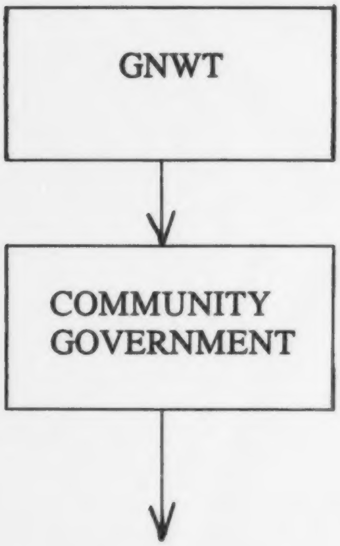
Duration: Community Transfer Agreements could be five year agreements, although the initial agreements might be for three years.

Content: The Transfer Agreements would cover responsibility for specific programs, and specific community groups. These would be grouped into, say, three packages, with each community deciding how much responsibility it wished to take on. The packages need not be sequential; a community could go straight to the largest package.

Package 1 would involve the local government taking over responsibility for other community-based committees and agencies, rather than these groups being funded directly by the GNWT. This would involve relatively simple program areas, and involve "small" dollar amounts. (Figure 11 indicates the existing community groups which could comprise Package 1.) Package 3 would include the broadest range of transferable programs, and all dollars associated with them. Package 2 would fall between Packages 1 and 3.

The development of these packages will involve a good deal of work, but it is essential work if the process is to be undertaken in a well thought through and well managed way. Going into the process in an ad **hoc**, unstructured, or wide-open way would inevitably lead to difficulties in the future. Moreover, the three packages would be a concrete expression of serious intent on the part of the GNWT, and would give the process credibility with communities. To further give communities comfort with the process, the three packages do not need to be offered on a totally rigid, take-it-or-leave-it basis. Room should be provided for communities to depart slightly from the basic packages, if they wish.

FIGURE 11:
LOCAL GOVERNMENT, PHASE 2: A POSSIBLE STARTING POINT



COMMUNITY GROUPS

- Housing Association
- Community Education Council
- daycare society
- drug and alcohol society
- friendship centre
- SS appeal committee
- youth justice committee
- tourism association
- radio, communications society
- youth group
- crisis shelter
- library groups

METHODOLOGY/PRINCIPLES

1. Start with programs that are already community-based, and run by community groups.
2. As part of transfer agreement, GNWT transfers resources to community government.
3. Community government administers programs on behalf of GNWT.
4. Funding flows directly from GNWT to community government.
5. Departments continue to provide professional and technical assistance.
6. Ongoing training is essential in initial stages.

Driven By: As this would be a very high profile, high priority, government-wide initiative, it is recommended that the process of negotiating Community Transfer Agreements be driven by a high level Implementation Group reporting to the Cabinet Secretary and through that office to Cabinet. A senior member of the FMB Secretariat should be a member of this Implementation Group.

The Group should second very capable departmental staff who are intimately familiar with the programs being transferred, and Municipal and Community Affairs (MACA) staff. This Implementation Group might include representatives from:

- Northwest Territories Association of Municipalities
- Major Aboriginal groups

In addition, the Regional Directors should be key members of the Implementation Group. Their regional experience and community knowledge will allow them to play a significant part in the implementation of these transfers.

Funding: The dollar amount to be transferred to each community would be based on "what is now" being spent in the community for the programs to be transferred. This would include full O&M and Capital dollars. This level of detailed information is not currently available, and would require some time for the Implementation Group to collect.

The funding would be transferred as "block", or semi-block funding, in order to fully capture the potential efficiencies which could result from transferring program responsibilities to community governments. These efficiencies include:

- ensuring that funds are moved away from low priorities toward what is considered locally to be the top priority problem;
- maximizing local employment opportunities and reducing recruitment/turnover costs;
- increasing the utilization of existing staff;
- allowing communities to reduce duplication and overlap at the community level;
- allowing communities to come up with an appropriate mix of resources for getting the job done.

Accountability: Community Transfer Agreements must build in accountabilities to ensure that monies are spent as intended, and with due diligence, probity and prudence. The Agreements should therefore include provisions for:

- Ongoing training;
- Regular visitations;
- Annual audits;
- The handling of surpluses/deficits;
- Minimum but mandatory performance expectations for programs transferred;
- Incentives for local labour (local initiative) component, or a requirement for local labour component;
- Local administration and collection of user fees.

In addition, a satisfactory management assessment prior to the negotiation of an Agreement would be undertaken, to ensure that training and management and administrative skills are in place to deliver the programs transferred.

B. THE NEEDS OF COMMUNITY PUBLIC ADMINISTRATION

The Transfer Program, as recommended here, will present many challenges, not the least of which will be the "culture shift" which can be anticipated. Many of the programs and program delivery structures of the GNWT are drawn from southern Canada and the experiences of a large industrial society, yet they are to be transferred to the vastly different world of small native communities.

The translation from "southern" to "northern", and "large" to "small" will require many adjustments to the way programs are designed and delivered and the Project Group believes the preparatory work should begin immediately in a number of key areas.

The Cultural Context of Northern Community Public Administration

Political, social, and economic development are all related, and they are all "rooted" in culture. It is culture which determines how a society will organize and fashion itself to meet the needs of economic production, decision-making, and social caring.

In native culture the patterns of organization are quite different from European culture. Indeed, the patterns of organization are quite different between native cultures. The SCONE Report spoke of the culturally-rooted, "bottom up" work that will need to go into a re-building of community economic and social life. The transfer of more government programs and resources to communities is an integral part of that process. And like the process of re-building community economic and social life, community public administration must also be culturally-rooted if it is to succeed.

The discussion now surrounding the issue of community justice systems is a precise reflection of this point. The question of what a "just" or "unjust", "fair" or "unfair", or "normal" or "criminal" behaviour are all culturally-derived. In one culture, if one person helps himself to another person's food, the second person is apt to be aggrieved. In other cultures, if one person helps himself to another person's food, the second person may feel honoured. Similarly, where wrong-doing has occurred, some cultures may emphasize "punishment" while others may emphasize "healing". Systems of justice need to reflect these differences. Public administration is no different. It must reflect cultural values related to fairness, equity, stability, and caring.

The Project Group believes the needs of community public administration in the north will be extraordinarily complex in the future and should not be under-estimated. Community public administration is where "southern" programs "impact" with northern culture, and if this impact is to be less "dislocating" in the future, the programs of government may need to be transformed. Much of what will have to be done will be unprecedented.

In particular, the Project Group believes there are four needs which will be of paramount importance:

- the need for a supportive environment which allows the re-thinking of public policy in culturally-rooted terms;
- the need to adjust the "machinery" of government at the local level;
- the need for training;
- the need to develop a "proxy" tax base.

A Supportive Environment Which Allows the Re-Thinking of Public Policy in Culturally - Rooted Terms

The question of culturally-rooted public administration was of prime importance to the Project Group, especially as it bore on the question of efficiency. As already noted, the Project Group recommends that much more of the business of government be done at the community level. To this recommendation the Project Group will add: much more of the business of government will have to be done at the community level, **in a manner that is compatible with and re-enforces culturally-rooted definitions of community justice, community well-being, and community stability**.

The Project Group believes that this point has the potential to be the single biggest contributor to efficiency in the north, i.e. maximizing the end goal of greater community social and economic development, with the least expenditure of cost.

The Project Group heard on a number of occasions that existing GNWT programs could not be delivered as well or as efficiently by a community-based administration. The Project Group does not dispute this conclusion but thinks it may be beside the point. The point is not who can best deliver these programs, but whether these programs, **in their present form**, are the most appropriate.

Public programs are means, not ends, and they should be measured less in their outputs than their outcomes. Public programs should not be measured in terms of houses, schools, and hospitals built, courses taught, and cheques distributed. They should be measured in their impact on community stability, family stability, employment, health, alcoholism, violence, incarceration, and other measures of community well-being. As the SCONE Report noted, more and more dollars are being spent, yet people are increasingly seeing signs of the "moral and social disintegration of communities".

The problem does not originate with the GNWT civil service. It is doing the best it can with the programs it has. It may be that the programs themselves go against the grain of northern community culture. The treatment is being administered - schools, housing, cheques - but the patient - the community, the culture - may be suffering.

The basic principles underlying many programs may need to be reconsidered in a new light, including schooling, social assistance and housing programs. Do schools the way they are now run, stabilize or de-stabilize life and work in the community? Is schooling primarily a ticket to life outside the community, or to life inside the community? Do welfare cheques, the way they are now distributed, stabilize or de-stabilize life and work in the community? Could social assistance funds be pooled at the community level and put to better use? The way that social housing is provided, does it stabilize or de-stabilize life and work in the community? Is the goal to have more houses, more northern built houses, or more native-northern built houses? Each of these goals, depending on which is chosen, will have quite a very different impact on life and work in the community. The goal of simply "more houses" may result in more houses, but less local employment. The goal of more native northern build houses may mean fewer houses (at least initially) but more employment, more skills, and more self-sufficiency.

The Project Group is convinced that the GNWT is doing the best it can with the tools it inherited. This is not a question of administrative ineptitude. But many of the tools themselves may have to be changed. All programs in the north will need to be measured against one fundamental criterion: do they contribute to or detract from, a more stable pattern of living **and working** in the community.

Re-thinking public policy is not something done overnight, and the Project Group is under no illusions about the degree of difficulty. Again, that is why a need is seen for strong leadership at two levels of northern government. At the territorial level there is a need to establish the broad framework of public policy in the north. At the community level, there is a strong need to adjust the means of public administration (i.e. the programs of government) so that they stabilize and reinforce the culture and the community.

This will be a long term process of experimentation, and trial and error. There will be tough questions - very tough questions - of the distribution of program benefits, i.e. the rights of the individual versus the rights of the group in receiving benefits. Could social assistance be put to better use by pooling it for community business? There will be tough questions - very tough questions - related to "professional" versus "community" skills. Does economic development in the community need to be performed by an individual with a MBA degree or just someone who can help build the necessary confidence skills. Do you need a highly-qualified specialist to help teenagers who are flirting with alcohol, or do you need someone who can provide the right mix of firmness and caring. Do schools, day-cares, and social work offices need to be run by people with extensive credentials, or people who have successfully raised children of their own, have life skills, and have common sense.

This is not intended to denigrate the role of specialists and professionals. It is to suggest the need for communities to evolve their own "solution space" - i.e. the range of feasible solutions - in handling problems at the local level. Because of the smallness of northern communities, and family and cultural differences, that solution space might be quite different than that defined by governments operating in a different context. Relying too heavily on extensive credentials may disqualify capable local people, and keep the community dependent on outside specialists.

The issue of transforming public policy in a culturally compatible way will be one of the biggest challenges facing the GNWT in the future. Yet the GNWT is in an excellent position to provide leadership in this vital area. The Northwest Territories is a native-majority population and the GNWT is a native-majority government. The Legislative Assembly has already looked very hard at issues of education, housing, and economic development in a culturally sensitive way. This process will need to continue, and be carried on at two levels.

The Need to Adjust the "Machinery" of the Government

The public service at the community level should not be a miniature version of the public service at the federal or territorial level, nor should it be steered in that direction. Northern community public administration will not translate into a small-scale version of much larger southern public administration. Northern community public administration should reflect the needs of doing business at a much smaller scale of organization, and in a traditional culture.

Because community government in the north will be small-scale government, at least in the foreseeable future, administrative systems, procedures and methods will need to be developed which reflect that scale. A large-scale system translated into a small-scale system does not work unless the components are simplified and the number of "moving parts" are reduced.

For local government in the north, this will mean a number of things: less of an emphasis on highly specialized jobs and more of an emphasis on generalized, "multi-purpose" jobs; job requirements which give practical experience equal weighting to academic credentials; rolling multiple programs into one; simplified management systems, and so on. This should not be interpreted as a call for local public administration which is "not as good as" other public administrations, it is a call for local administration which is "different than" other public administration.

To reflect the cultural orientation of northern communities local governments may have to break new ground in experimenting with flex-time, part-time, job-sharing, leave for on-the-land purposes, hours of operation, and language of operation.

Community Councils might also, for example wish to re-establish Elders Councils, as a form of advisory body on local government and local services. Again, this should be permitted - even encouraged - by the GNWT. The GNWT should leave the form and composition of such bodies to the communities to decide, perhaps setting only minimum criteria respecting size and gender equality. The features and structures of community administration should be as compatible as possible with the traditional structures of responsibility at the local level.

Training And On-going Support

The business of government is a difficult business even under normal circumstances. Attempting to carry out public programs when these programs are being transformed, will make it even more difficult.

Administrative capacity at the local level will need to be trained and strong at all levels of administration, so that northern community government will be:

- endowed with an executive capable of directing and administering;
- endowed with an efficient internal administration where the services of the best employees are put to the best use;
- capable of meeting the needs and desires of the residents.

If the needs of community residents are to be met, local administrators will need skills in many areas. To name only a few, these would include:

- establishing priorities;
- budgeting, spending and financial reporting;
- determining the types of physical facilities required to meet local needs: e.g. day school, residence, group-home, nursery, kindergarten, high school;
- directing staff hiring and staff development with special concern for native languages and culture;
- administering the physical plant;
- developing adult education and local training;
- negotiating agreements with the territorial government for the kind of services necessary for local requirements.

To meet these needs, the Project Group believes that the training needs of northern local government in the future will have to be given uppermost priority.

A Proxy Tax Base and the Issue of Accountability

Most communities in the north do not have a tax base, and the Project Group heard many times that this was a major obstacle to the further development of local government in the north. Without a tax base there are no taxpayers and there are no accountability links between those providing services and those receiving services. Those receiving services become excessive in their demands because they do not pay for them, and those providing services are not held to account for how prudently and efficiently they spend the money.

The Project Group agrees that this is a problem, and whether there is a partial solution to this problem may depend on how deeply the idea of "taxes" is probed. It may have to be re-defined if it is to apply to the realities of a small community.

In southern Canada people pay taxes as a way of sharing the expenses of government. The taxes (on income or property) are paid to government and government in turn provides schools, hospitals and other public services. Taxes are simply a way of sharing in the expenses of the community. Taxes are paid in "money" in southern Canada simply because money is the means of exchange in an industrial economy and it is how people measure income, wealth, and assets.

Northern cultures, on the other hand, have always shared in the upkeep of the community, but not in the form of money. They did it in other ways. The common practice of sharing food, for example, is another way of meeting community obligations. Nobody had to "tax" one person's food in order to "re-distribute" its to another; it was simply done and done without the coercion of government. (This is a form of fully **voluntary** taxation that many southern governments would find hard to believe.)

People in northern cultures have always expected group members to meet their community obligations. There is no reason to believe this will not continue. People in communities have a right to expect that everyone in the community will pull his weight, but the methods by which this is done may be uniquely northern, whether in contributing food, time, labour, or some other proxy for money, when a non-money form of contribution makes more sense. The Project Group has not attempted to define what is an appropriate substitute for money taxes. The point is that there may be substitutions.

Accountability between elected officials and citizens, between those providing services and those receiving services, is an essential element in local government. The Project Group believes if local governments are to be expanded in scope and authority, the issue of accountability in non-tax-base communities will have to be met head-on. The Project Group does not believe accountability can be dismissed, but nor does it believe it should be an insurmountable obstacle. It should be met squarely, but it may have to be met creatively.

The GNWT has shown flexibility with respect to **method of election** at the local level, in allowing Band practice to be blended with more conventional forms of local election. This has been done under the Charter Communities Act. The Project Group believes similar creativity will have to be applied to this area if northerners are to arrive at an acceptable solution.

Conclusion

This report earlier spoke of an "Implementation Group" in the Cabinet Secretariat which would do the preparatory work required in order to ready programs of the GNWT to be transferred. There should also be a parallel process. At the community level, there is a need for a Transfer Task Force which would address the needs of community public administration as raised here. Specifically, the focus of this group would include (but not be restricted to):

- adjustments to programs which might be required in order to align them in culturally - compatible way with the needs of northern communities;
- the administrative "machinery" of local public administration;
- training needs at the local level;
- alternatives for a "proxy" local tax base.

This Task Force should primarily be composed of local government elected officials and representatives. In addition, there should be links to the GNWT, specifically cross-links to the GNWT Implementation Group. The Regional Directors can serve as an excellent cross-link in this regard, and should provide leadership and support at the community level.

C. A NEW ROLE FOR DEPARTMENTAL HEADQUARTERS

For the transfer program to be implemented in an orderly and well-managed way, GNWT headquarter units will have a substantial role to play. This will be a major initiative. It is essential that a strong transfer and post-transfer structure be in place to support and encourage the further development of strong self-governing communities.

Implementation Group

As mentioned, it is recommended that a specially-mandated "Implementation Group" be established reporting to the Cabinet Secretary and with the power to negotiate and, with Cabinet approval, to implement Community Transfer Agreements.

The role of this Implementation Group would include:

- developing the possible contents of the three "packages" of programs to be transferred;
- integrating and simplifying the programs to be transferred; programs must be made "community-friendly";
- stripping the red-tape currently associated with program delivery systems (transferred programs will not work if they are accompanied by 100-page Policy and Procedure manuals);
- determining the current costs of the programs to be transferred, and developing a formula for future funding of community delivery of transferred programs;

- evaluating the administrative and financial management capabilities of the applicant communities;
- making the arrangements for actually transferring assets and personnel;
- negotiating with the interested applicant communities.

Line Departments

As community governments in the future take over more responsibility for front-line program delivery, GNWT departments will have a quite different (but no less important) role to play. GNWT departments will move away from direct delivery of specific services, to creating the community capacity to deliver those services.

The role of these departments will include:

- working with the Implementation Group to develop the program packages;
- establishing the standards of performance required for the transferred programs;
- monitoring community compliance with these standards;
- providing ongoing training and specialist/technical support;
- arranging for assets and personnel to be transferred.

The transfer program will bring a number of important changes in the way GNWT departments do business. There will be less emphasis on direct delivery and a reduced role in determining local priorities; communities may choose to move funds away from activities department's perceive as important. Funds will flow directly to communities which will have implications for the way departments draw up and receive their budgets. The changes proposed in this report will produce a new balance in the relationship between communities and GNWT departments. If the language of business were being used in this Report, this would be an argument for "owner-operated" communities, or community "franchises". This conveys in a business sense what is needed: highly self-managed local units, but operating with **strong** back-up and technical support, and within the broad framework of corporate policy as established by the territorial Legislative Assembly and Cabinet.

Cabinet

The role of the Cabinet is crucial to the success of the program transfer process. The build-up of community capacity, as contemplated in this report, will in many respects be unprecedented and uncharted. The cultural transformation of programs at the community level will be a new process.

It can be expected that the communities will request considerable modification to the transferred programs to better serve their specific needs. This is to be encouraged if it brings community problems closer to a solution; indeed this kind of cultural and innovative thinking is the whole point behind transfer. But it can be expected that this could run counter to legislation or cost sharing rules, especially at the federal level.

Accordingly, the GNWT Cabinet role will include:

- maintaining a watch on the progress of community transfers;
- ensuring that territorial policy, legislation and regulations permit the adaptation of programs to meet community requirements without compromising essential territory-wide standards.

At the federal level, the Northwest Territories Cabinet will need to be a very strong advocate and defender of community program innovation. Cabinet will need to argue and put strongly to federal agencies, the community case for revising existing policies, legislation and regulations, and removing the restrictions (e.g. cost-sharing rules) which inhibit the modification of programs to suit local and cultural conditions. The case for doing things differently in the north, in view of the unique circumstances of the north, may have to be forcefully and repeatedly made.

Discussion

The Project Group heard a number of arguments advanced against the transfer of additional responsibilities to the local level of government. Among these are:

- that communities do not want more responsibilities;
- that communities will not be able to administer the additional programs;
- that some communities are too small to be able to handle the increased responsibilities;
- that delivery by the community is much less efficient than delivery by the GNWT.

One of the principles underlying the transfer plan is that additional responsibilities will only be handed over where the communities have requested them. Otherwise responsibility for program delivery will remain with the GNWT. It is not intended to transfer program delivery into communities which are not interested. There must be climate of desire for more control over issues which affect the lives of the community residents, before transfer can take place.

A second principle is that sufficient resources will be transferred to enable the community to adequately deliver the programs, and that transfer will take place only if the community has the necessary administrative and management capabilities. Where these are considered insufficient, a training program and after-transfer technical advisory service will be provided to ensure that the municipality is not left by itself. It is also fundamental that the communities will **not** be required to fund program additions or extensions imposed by the senior levels of government, without additional funding also being transferred.

When the size of the community is such that the administrative demands of the requested programs can not be handled by that particular community, arrangements will be made for some aggregation of responsibilities between one or more communities. This will not be imposed by the territorial agency but will be worked out in negotiation with the affected communities.

Transfer will not likely reduce the cost of delivering GNWT programs in the short term, but will ultimately result in a higher level of effectiveness. In the longer term, local management will produce efficiencies through a less rapidly rising cost structure. Where the local community is given ownership of the program, there will be a greater incentive to make it work, than if it is the responsibility of "the government". Many of the GNWT programs have been initiated to solve problems as perceived by departmental headquarters. The problems may not be as critical to the local residents and their elected officials, and application of local effort may result in a solution being obtained earlier than if it is being run from the territorial Government.

Conclusion

Transferring program responsibilities to local government is a major step but not an unprecedented step. The Department of Municipal Affairs in the recent past, developed a transfer process and training program which was in effect while the services to property and other municipal services were being taken over by the local governments. In large part, this process simply needs to take place again if communities are to be supported in their quest for more responsibilities. Additionally, if the further development of local government is to take place in an efficient and well managed way, a number of elements are needed.

An implementation plan needs to be in place which will simplify the procedures that the GNWT and a community will undertake when a community government desires to take over authority for certain programs. The elements of such a plan have been outlined above. As it stands, there are too many uncoordinated review committees who are ineffectively determining what is eligible, levels of authority to be transferred, and the cost considerations. These groups need to be brought together under a strong Implementation Group, housed in the Cabinet Secretariat and reporting to the Cabinet Secretary, as outlined above.

At the community level a parallel process should be initiated, under a "Transfer Task Force".

There also needs to be a reaffirmation that transfer is a high priority. The Cabinet Secretariat should be charged with the responsibility to ensure coordination of community proposals and subsequent transfer agreements. The whole idea of transfer needs to be promoted to community governments with assistance provided where communities have an interest in assuming more local authority. The streamlining of procedures along with a more coordinated approach in the territorial Government will go a long way in paving the way for an increased interest in transfer.

To underscore the determination to proceed with community transfer, the Legislative Assembly could consider legislation which would set out in broad terms the goals of community transfer and the process to be followed. The legislation should primarily be a strong signal of intent and commitment. The legislation should not attempt to be a detailed plan of implementation. This will be a learn-as-you-go process, and a detailed prescription might inadvertently handcuff the process, not help it. But broad legislation, properly framed, could be a strong sign to communities of the important role they are being invited to play in the north of the future.

The process of transfer will certainly require communities to learn to cope with the frustrations and difficult choices made necessary by recognition and acceptance of the requirements of fiscal responsibility. Informed community understanding of the role of government and more realistic expectations about what government can accomplish must also emerge.

Greater community self-government, if developed properly, will lead to greater effectiveness and cost containment in managing the north. It will eventually permit the elimination of costly, cumbersome and mostly advisory non-elected boards, and will provide communities with a vehicle to assume more authority, self-management, and local decision making over those programs that really matter to them. It is an essential step to building greater community economic self-sufficiency, and restoring greater self-responsibility for the well-being of the Northwest Territories northern communities.

CHAPTER 4: STRUCTURE OF THE GNWT

A. THE ORGANIZATION OF GNWT OPERATING DEPARTMENTS

As discussed in the preceding section, the Northwest Territories' "northern agenda" will require the strength of two levels of government. There are too many difficult dimensions for one government to handle alone. Community governments will need to be brought in more fully to help meet the pressing challenges of the next decade.

At the same time, community governments will need to be linked within the framework of a strong territorial Government. While the territorial Government is building up greater community capacity, it must at the same time augment its ability to pursue the many priorities which are of a territory-wide nature. Across the north, technical and professional skills are still needed in relation to health, and family and social well-being. The integrity of the fragile northern environment is becoming an ever increasing concern. An adequate transportation and communication infrastructure is not yet properly developed. Linguistic and cultural preservation are major issues in view of the north's unique multi-ethnic composition and heritage. What is even more challenging is that this list of urgent matters is large, and not likely to get any smaller in the next decade, even though the resources available will.

Structure is an important tool for strengthening the GNWT. The proper use of that tool will greatly assist the GNWT in accomplishing more within a period of capped resources. An improper structure will hamper the GNWT in a number of ways: it can add to the cost of government, impede the ability to support communities in a coordinated way, and weaken the capacity to pursue northern priorities.

The Project Group has concluded that one of the major areas of structural weakness lies in the departmental structure of the GNWT. There are now too many departments, which is a major barrier to integrating and transferring programs to communities. Departments are pursuing too many different and sometimes conflicting directions. Too much attention is being paid to protecting and expanding individual budgets. As a consequence, in order to manage costs, and respond better to the needs of northern communities, the Project Group has concluded that the GNWT should consolidate its operations into fewer, larger departments. The aim of this consolidation should be to produce a less costly and less complicated, made-in-the north structure that is more capable of responding efficiently to the needs of the north.

The present GNWT departmental structure reflects a process of growth and evolution over a number of years. In the years immediately following the Carrothers Commission (which is usually regarded as the starting point for responsible self-government in the north), a summary of the more significant steps and stages in this evolution would include:

1966	Carrothers Commission
1967	Yellowknife selected as seat of government and administrative apparatus of GNWT relocated from Ottawa to Yellowknife
1967-70	Departments created include: Information, Finance, Territorial Secretary, Local Government, Public Works, Legal Affairs, Personnel, Industry and Development, Education, and Social Development
1970-79	Departments created include: Renewable Resources, and Health and Social Services

In the past decade, northern government continued to be a government in-the-making, reflecting the on-going devolution of responsibilities from the federal Government, combined with the development of new programs, services, and initiatives at the territorial level. In more recent years, significant steps include:

1979	Drury Commission Report
1979	Report of the Commissioner's Task Force on Administration
1984	Transfer of Intra-territorial road re-construction programs from federal government
1984	Transfer of Baffin Regional Hospital from HWC
1985	Department of Information renamed Department of Culture and Communications
1986	Department of Local Government renamed Department of Municipal and Community Affairs
1986	Baffin Health Services transfer from HWC
1987	Forest Management and Fire Suppression responsibilities devolved to GNWT
1988	Final Health Care responsibilities transferred to GNWT
1988	Northern Canada Power Commission purchased by GNWT
1989	Northern Scientific Research Centres from DIAND
1989	Three new departments created: Safety and Public Services; Transportation; Energy, Mines and Petroleum Resources

1990	Inter-territorial Road Re-construction from DIAND
1990	Airports Transfer from DOT

Throughout this 25-year period, new units and branches of government were created, located, and re-located, and names of departments changed frequently. (The document that traces these changes runs to 104 pages). It is noteworthy however, that throughout all these changes it is still possible to see the influence of federal and southern models of government on the shape, size, and departmental configuration of the GNWT. This is understandable. For many years the territorial government was Ottawa-based and Ottawa-run, and even today Ottawa and southern-trained civil servants continue to exert considerable influence on the shape of government in the north. As a consequence, today the GNWT is structured and run along lines which are very similar to those of southern (and much larger) models of government.

Now, however, there is a need to develop and agree on a new plan of organization to carry the GNWT through the 1990s. This new plan must be driven by the need to create greater efficiency, i.e. a structure which is less costly, better able to contain costs, and better able to allow the Cabinet and Legislative Assembly to focus on northern communities and northern priorities.

B. A NEW PLAN OF ORGANIZATION

The GNWT's present structure includes both "central agencies" and "operating departments". These are the basic building blocks of government organization. The following analysis focuses on the operating departments of the GNWT.

The thirteen operating departments included in this analysis can be classified according to the broad nature of their mandates, as follows:

Social and Cultural Development

Culture and Communication
Education
Health
Housing Corporation
Municipal and Community Affairs
Safety and Public Services
Social Services

Economic Development

Economic Development and Tourism
Energy, Mines and Petroleum Resources
Renewable Resources
Transportation

Service Departments

Government Services
Public Works

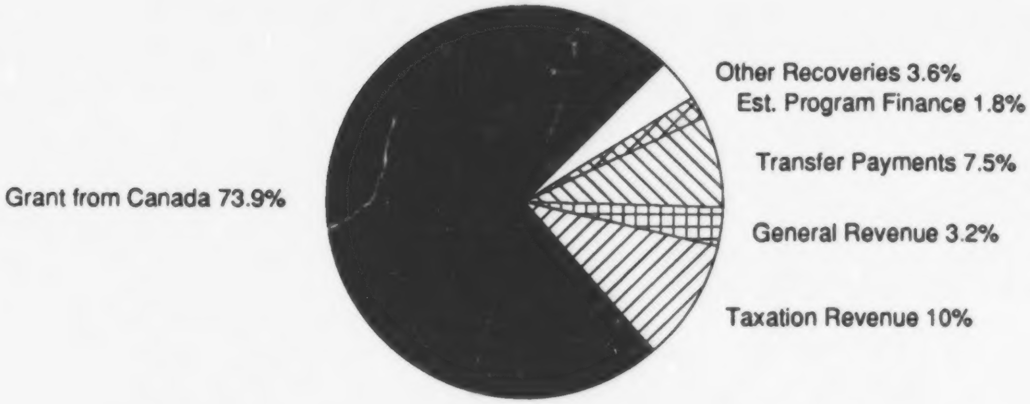
In addition, while the Department of Justice is often considered a central agency, it also carries operating responsibilities and so is included in the analysis below.

Of the above departments, the largest, in terms of O&M expenditures are: Health ($168 million); Education ($165 million); Public Works ($116 million); and Social Services ($89 million). In capital expenditures, the largest are: Municipal and Community Affairs ($38 million); Education ($31 million); Transportation ($31 million); and the Housing Corporation ($28 million). (All figures are from the 1991-92 GNWT Main Estimates). (See also Figure 12).

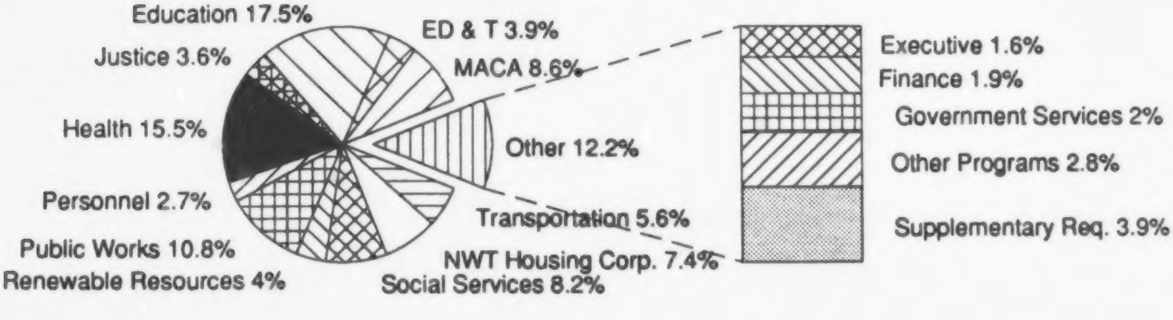
It should also be noted however, that many GNWT departments are quite small. Of the above - noted departments eight have 1991-92 O&M budgets of less than $45 million and all but three have fewer than 300 full-time employees. Two very small departments (Safety and Public Services and Energy, Mines, and Petroleum Resources) were created in 1989.

FIGURE 12

GOVERNMENT REVENUES 1991-92



GOVERNMENT EXPENDITURES 1991-92



The Relationship of Structure to Cost

In looking at a new plan of organization, it is important to underscore the importance of structure in Government, especially with respect to the cost of creating departments. Separate departments are often created with a view to giving profile to a new area of public policy. This is understandable. It is a signal to the public or to an interest group that a government has given priority to a particular concern. It gives emphasis and organizational attention to a matter or problem that Government wishes to address.

The GNWT is, however, a small government relative to southern jurisdictions. One of the advantages which attends that small size is the ability to undertake activities within the framework of fewer departments. The GNWT has approximately 6,200 civil servants. Organizing personnel into fewer departments would not create excessively large departments. The present GNWT structure which mirrors the structure of southern governments, has led to the existence of a large number of relatively small departments. The price of this structure is inefficiency. This inefficiency is in three respects:

- the added cost of resources required to administer these departments;
- a reduced ability to coordinate, focus, and unify the efforts of the GNWT;
- management talent being spread too thinly.

There is an inherit dynamic to government organization as there is with any organization. The more departments there are, the less freedom to move a government has. Departments tend to develop into watertight compartments. They develop their own client groups and their own way of looking at issues. As part of a struggle to develop separate identity, they distance themselves from other departments.

All organizations wish to be seen as useful and departments are no different. Hence each department has a built-in pressure to generate new initiatives, new programs, new regulations, and new demands on the central treasury. Each new department places new demands on other departments (inter-departmental meetings, memos, etc.) which must then be met by assigning added resources to those departments. None of this is unique to government. It is part of the same natural tendency observable in any organization. All organizations have their own internally-generated forces of outward expansion. However, there is an antidote: governments must consciously and continuously arrest these forces if they wish to stay within manageable limits and the limits imposed by their resource constraints.

Two New Levels of Departmental Consolidation

Approaching a period of severe restraint, the Northwest Territories can no longer afford a structure of government which is too-fragmented and ill-suited to its needs. It must simplify and consolidate.

Accordingly, the Project Group has sought to develop a plan of consolidation that would allow the consolidation of the GNWT's thirteen operating departments into a significantly smaller number. There are now a number of departments with complementary and compatible mandates which could be brought together with a view to saving money, increasing program coordination and reducing overlapping activity, and facilitating program transfer to communities.

With this in mind, presented below are two new plans of departmental consolidation, the first of which would combine a number of departments in order to bring the total number of operating departments down from thirteen to ten. The second plan would affect and combine an even broader number of departments in order to create a total of only seven operating departments.

It should be noted, however, that it is possible to combine and unite departments in more than one way, depending on the priorities a government wishes to give greatest attention to. The Project Group has attempted to factor in GNWT priorities in the plans below, but these would need to be confirmed by a new Cabinet. In addition, the Project Group did not in the time available address every program element or organizational unit within the GNWT. Accordingly there are many program areas which are not identified and addressed below (for example, the question of the proper placement of corrections or oil and gas regulation). A great deal of detailed work would, therefore, still need to be undertaken to draw up proper organization charts for new departments which might be created. The Project Group has not attempted to do this and the remarks below concerning suggested structure should be interpreted only as a guide to future work.

Nonetheless, the Project Group believes that two new plans of consolidation, which are presented in broad outline in this section, would provide the GNWT with fully workable models of government, subject to the qualifications above.

Factors

A number of factors were considered in the plans for possible restructuring:

- impact on transfer of programs to communities;
- unique "northern" approach to doing business and tackling problems;
- dollars and person years (PYs) saved;
- impact on service to client group;
- manageability and span of control;
- impact on cost sharing with federal Government;

Priorities

As well, the priorities of Cabinet were reviewed, including:

- community self-government;

- transportation strategy;
- economic strategy;
- employment development/local involvement, welfare reform;
- Northern Accord;
- sustainable development;
- the environment;
- constitutional and political development;
- languages and cultural values;
- social issues, health and housing.

Savings

By combining departments, the GNWT can achieve savings in the number of positions it takes to operate its departments. This conclusion is based on the increased number of positions which were added in creating new departments. Reversing this process by combining departments should net savings of a nearly similar magnitude, particularly in some common areas such as:

- reduction in Directorate positions and support staff;
- consolidation of policy/planning and finance and administration functions;
- reduction in numbers of middle management (Director, Manager) positions;
- overall reduction in numbers of support staff;
- reductions in staff levels in Regional and Area offices (management, administration, support);
- savings due to economies of scale (subsequent reduction in O&M costs, travel, use of consultants, etc.).

The savings generated will be greater at headquarters due to the commonality of bigger divisions like Finance and Administration and Program and Policy divisions. As well, the number of program positions and support positions are much more heavily weighted in headquarters.

The position savings achieved through such consolidation need not significantly displace existing employees. Though reassignment, attrition, early retirement, retraining and other workforce adjustment mechanisms, the organizational changes being suggested can be accomplished in a manner that respects the past contribution of affected employees and gives them full opportunity to play an important part in the future operation of the GNWT. The impact on staff can be largely mitigated if the changes are well planned and phased in.

The First Level Of Consolidation

The first level of consolidation would affect, in whole or in part, primarily the departments of: Health and Social Services; Personnel; Education and Culture and Communications; Public Works and Government Services; Municipal and Community Affairs; and the Northwest Territories Housing Corporation. It would combine and create the following new departments:

Amalgamation	Departmental Focus
1. **Health and Social Services** (could combine existing programs excluding daycare, youth, and social assistance for employables)	To promote the health and well-being of northern community residents. To combine professional and technical efforts in compatible areas.
2. **Education, Employment, and Culture** (could combine employment and training, schools, cultural affairs, social assistance for employables, daycare, and equal employment)	To focus importance of training and culture as related to employment in northern communities.
3. **Public Works and Government Services** (could combine public works, government services, and housing design/construction)	To efficiently build and operate public structures. To provide GNWT internal administrative Services.
4. **Community Affairs and Housing** (could combine housing programs, youth, sport and recreation, municipalities)	To link the importance of adequate housing with community initiatives, and build on the previous transfer experience.

The other departments, not mentioned above, would remain largely untouched under this option.

The Project Group believes there are a number of important advantages in these consolidations. They are an essential move in the direction of simplifying and streamlining the business of government. They will allow the GNWT to better coordinate and focus its resources in meeting the needs of northern communities. The specific advantages of the new departments are provided below. (It should be noted that the question of combining Health and Social Services, and Education and Employment Programs, is discussed in Part IV of this report and the question of combining Public Works and Government Services is discussed in Part III).

Department of Health and Social Services

Rationale

Social and health problems are closely linked in northern communities, including areas such as improper diet, lifestyle, family abuse, drugs and alcohol, mental health, and services to the aged and handicapped. Meeting these problems head-on requires a full-scale and fully coordinated effort combining programs and care-givers: nurses, social workers, dieticians, counsellors, and others. The departments of Health and Social Services were previously united. Splitting them has given rise to less coordination and more overlapping programs. What is needed in this area is not more and more programs (which creates a patches on patches effect) but fewer, stronger programs, at both the territorial and community levels. Combining these two departments would be a step in that direction. In short:

- social and health issues are interrelated at the community level (i.e. disease prevention can be linked to social conditions, habits);
- greater opportunity for healthcare and social work professionals to work together in addressing common problems;
- with new departmental structure, should review the necessity of maintaining "Health Board" structures;
- will simplify the transfer of those social programs that interest communities by amalgamating many of the programs under one department;
- amalgamates the Departments of Health and Social Services under one portfolio; the creation of the Department of Health was initially driven by the devolution of programs from the federal Government;
- reduces duplication of programs in areas such as: alcohol and drug services, senior citizen programs, family services, etc.

Structural Changes Suggested:

- divisions could include the following: Community and Family Services, Community Support Services (Alcohol and Drug, Mental Health), Child Welfare, Nutrition and Family Health, Disease Awareness and Prevention;
- transfer social assistance for employables to Education and Employment;
- transfer child daycare programs (not child welfare) to Education and Employment;
- transfer training programs (SARs, STEP, VRDP) to Education and Employment;
- transfer vital statistics from Safety and Public Services (SAPS) to Health and Social Services.

Department of Education, Employment and Culture

Rationale

The major priority of the Northwest Territories is providing greater opportunities for sustainable employment at the community level. A major step in this regard would be to unite and combine the resources available through schools, training courses, and social assistance (for employable adults) with a focus on equipping northern residents to meet community economic priorities and needs.

The daycare program could also be a key element of this strategy.

Pulling these program areas together could also make easier the elimination of program duplication; there is some reason to believe that the availability of wage-based training courses is in fact drawing more people away from schools and undermining the schooling program.

In addition, a key element to community economic development, as the SCONE Report indicated, is to ensure that cultural affairs and aboriginal languages are maintained as underlying themes in the strategy. By tying the importance of education to Northern culture, there may be advantages in improving attendance at schools and adult education centres, and literacy rates in the Northwest Territories. These cultural values would be reflected in the curriculum of studies, schoolyear, etc. In short, this proposed new department:

- places these GNWT priorities under one department with a renewed emphasis on the important linkage between education and employment;
- includes a cultural component within this department to recognise the importance of literacy, language and education as integral components of Northern culture; this structure also provides the opportunity to develop "unique" Northern curricula in the schools;
- provides a better focal point for CEIC employment and training programs and other federal programs;
- provides a focus for employment opportunities generated by the GNWT (affirmative action initiatives, apprenticeship, GNWT Capital Plan, other departmental initiatives: Transportation, Economic Development and Tourism);
- considers career centres in targeted communities to include CEIC, Employment and Training, career counselling under one roof;
- transfers social assistance program funds that target employment disadvantages (lack of training, single parents).

Structural Changes Suggested:

- establish three divisions: Schools, Employment and Training and Cultural Affairs;
- transfer Cultural Affairs from C&C;

- transfer community libraries and the Northern Heritage Centre from C&C;
- consolidate all training/employment programs within the GNWT under the Employment and Training Division: STEP, SARs, VRDP, TOJ (and CEIC programs);
- change the name "Advanced Education" to Employment and Training;
- transfer social assistance from SS (part);
- transfer child daycare from SS;
- consider career centres in communities to include CEIC, Education, Employment & Training and career counselling under one roof (in the school or storefront operation);
- transfer the Equal Employment Division from Personnel.

Department of Community Affairs and Housing

Rationale

The impact of housing in northern communities is considerable as it is a major source of employment and a training ground for a wide array of job and business skills (from construction to administration). Moving greater responsibility to the community for all aspects of housing is one of the key elements of the transfer process, and twinning the Housing Corporation with MACA could facilitate this. At the local level, folding the Housing Associations under the elected Community Council will reduce the fragmentation of resources and abilities which is now an obstacle to strong local leadership.

A separate Housing Corporation has been viewed in the past as necessary to attract CMHC funding, but the GNWT Cabinet should make it an early priority to counter such a position if it still exists. A separate Housing Corporation is adding to the cost of government in the north (in a time of shrinking resources) and is not conducive to the transfer process. In short:

- consolidates those programs with particular "community" interest (housing, youth, recreation) within one department;
- change the word "municipal" with a new emphasis on the word "community" as it describes a northern townsite more appropriately;
- renewed emphasis on housing as a GNWT priority and community initiative in a major program department;
- there would be an opportunity for the future consolidation of Housing Associations under community government structures;
- this department would continue to work with community councils and could play a leading role in assisting with community transfer;
- provision for better coordination of operations at the regional and community level (i.e. local employment in housing projects, coordination of activities for the youth).

Structural Changes Suggested:

- consolidate the Housing Corporation within this structure and eliminate the Board of Directors;
- transfer the community and program development division to this new department (primarily deals with Housing Associations);
- consolidate the construction and design division of the Housing Corporation within Public Works;
- transfer the office of the fire marshall from SAPS;
- transfer youth initiatives from SS and place under Sport and Recreation;
- transfer the rental office from SAPS;

Advantages of This Level of Consolidation

The plan of departmental organization has the following features and advantages:

- this plan represents a reduction in the existing number of departments;
- there is some major program consolidation in priority areas as identified by Cabinet, i.e. education and employment, community self-government, welfare reform;
- this plan would produce O&M and PY savings in the combined departments;
- these departments depict a GNWT structure that is manageable from both an administrative and political (portfolio) perspective;
- the new integration of some programs allows Cabinet to tackle issues/problems head-on in a much more coordinated way, response time will be faster and the public will perceive Cabinet as proactive in its handling of problems;
- this plan is much more efficient than at present, duplication of programs are consolidated into umbrella structures (health and social services, housing and community affairs, education and employment);
- this plan also allows for the more comprehensive transfer of programs to community governments;
- this plan also provides efficiencies through the possible elimination of boards and agencies;
- the consolidation of Health and Social Services should improve the coordination of delivery of health and social programs directed at the same general area within communities;
- education, training and employment programs are consolidated in a cultural context in conjunction with daycare and income support programs;
- dispersing the present Government Services functions into the other major service department could also occur in this phase. Public Works would receive the supply services activities, and systems and computer services (see Part III of this Report);
- the dissolution of the Housing Corporation and the amalgamation of its parts into Public Works, and Municipal and Community Affairs will permit the Board of the Corporation to be eliminated, and the achievement of some O&M savings by consolidating building design and construction functions in one department. Property management functions

would also be consolidated in Public Works. The programming aspects of the Corporation's activities, as well as the administration of the community Housing Associations would be placed in Community Affairs and Housing.

The Second Level of Consolidation

The second level of consolidation would go farther than the first, and would affect the remaining departments, including Economic Development and Tourism and Energy, Mines and Petroleum Resources (EM&PR), Renewable Resources, and Justice and SAPS.

The proposed combinations are as follows:

Amalgamation	Departmental Focus
1. **Public Works, Government Services, and Transport** (building on the previous consolidation of Public Works and Government Services, this adds: transportation functions)	To design, build and maintain public and transportation infrastructure in the Northwest Territories; To achieve best value and least lifetime costs.
2. **Environment and Renewable Resources** (could combine environment, renewable resources, pollution control, tourism and parks, Science Institute)	To provide a focus for the Northern environment in a resource based framework and consolidate environmental programs.
3. **Energy, Mines and Economic Development** (could combine business development, energy, mines and petroleum resources)	To promote the Northern economy by recognizing the economic potential of resource development projects.
4. **Justice and Regulatory Affairs** (could combine court and legal services, consumer affairs, safety and public services, public utilities board)	To manage the legal, regulatory system and provide public services.

The specific advantages of these new departments are provided below:

Department of Public Works, Government Services, and Transport

Rationale

(See Part III for further discussion)

- consolidate the new Transportation Department within Public Works while priorizing the requirement for infrastructure growth and the pressing need for significant federal dollars for roads, airports, marine facilities development;
- opportunities for consolidation of some duplication of service in design, construction and project management, as well as procurement;
- logic of grouping construction, operation and maintenance of infrastructure and assets;
- consolidation of these departments may reduce the number of technical consultants.

Structural Changes Suggested:

- transfer construction/development/design from the Housing Corporation;
- transfer property management and program operations from the Housing Corporation;

Department of the Environment and Renewable Resources

Rationale

The Commissioner's Task Force on Administration (1979) clearly suggested the amalgamation of environment, resources and parks under one department. This allows the consolidation of environmental programs and initiatives under one department (presently there are five Departments dealing with environmental issues). As an additional feature of this department, it would be possible to connect tourism with the uniqueness of the northern environment by assigning responsibilities for tourism promotion to this department. It is recognized that tourism is an economic sector and these are grounds for keeping it within an Economic Development department. However, linking tourism to the north's unique geography and wildlife is important, and any steps to reinforce this linkage should be considered.

In short, this new department could provide:

- renewed emphasis on the environment and the relationship between resource management and conservation;
- new Arctic Environmental Strategy (part of Canada's "Greenplan") provides a forum for funding and discussion with federal Government;
- community-based Renewable Resource Officers are well positioned to deal with environmental issues (pollution control, hazardous wastes) and to promote

environmental and resource features along with tourism officers; also Renewable Resources Officers are responsible for resource management and conservation;

- any future devolution of the federal fisheries program be incorporated within this department rather than creating a new department; this was the reasoning when forestry was transferred.

Structural Changes Suggested:

- this structure would house all programs related to environmental issues under one roof, effectively consolidating GNWT initiatives related to pollution control, recycling and waste management;
- transfer tourism and parks from ED&T to promote the unique attractions and features of the Northwest Territories in an environmental framework;
- transfer recycling initiatives from Government Services;
- transfer the Science Institute from the Executive.

Department of Energy, Mines and Economic Development

Rationale

Consolidating Economic Development and Energy, Mines and Petroleum Resources would bring the oil and gas sector more fully into a coordinated economic development strategy for the north. EM&PR's isolation as a small, stand-alone department is not necessary. It was created primarily to negotiate the Northern Accord, but this could still be done within the framework of a broader department. In short, this department:

- consolidates the Energy Mines and Petroleum Resources Department within a structure that promotes the economic/employment aspects of non-renewable resource development; there is significant potential for Northern jobs and business spinoffs as a result of potential resource projects in the oil and gas and mining sector;
- negotiations of joint GNWT/federal agreements (Mineral Development Agreement, Northern Accord, Economic Development Agreement) handled under the same portfolio;
- provide a structure that is still compatible with the transfer of the management of non-renewable resources from the federal Government (i.e. Northern Accord);
- provides a structural focus for northern economic aspirations and coordinate micro-economic (arts & crafts, small business) and macro-economic (mega-projects, big business) initiatives within the same structure.

Structural Changes Suggested:

- there would be two divisions: Business Development and Energy;
- tourism and parks will be transferred to Environment and Renewable Resources;

- business development will deal with all sectors of the Northern economy: small business, arts and crafts, renewable resources and non-renewable resources.

Department of Justice and Regulatory Affairs

Rationale

This department would combine all the legal and regulatory responsibilities/requirements under one jurisdiction to deal with such matters as: consumer/corporate affairs, liquor commission, mine and fire safety and business licences. In short:

- this new department would incorporate the constitutional and legal services of the present Justice Department coupled with a responsibility for regulatory matters.

Structural Changes Suggested:

- Commissioner for Oaths, Sheriff's Office, Supreme Court and Justice of the Peace offices would remain;
- Legal Services Board could be streamlined once legal services have been set up in the Regions;
- regulatory functions would be consolidated in this department with a special emphasis on "safety"; these functions would include mining safety, electrical/mechanical inspections, occupational health and safety and the Labour Standards Board;
- consumer and corporate affairs.

Advantages of the this Further Level of Consolidation

This level of consolidation has the following features and advantages:

- this plan represents a substantial reorganization of the GNWT's operating programs and resources into significantly fewer and larger departments; effectively, all operating departments would undergo major surgery by way of consolidation;
- this plan would produce the most significant savings in both dollars and PYs;
- the relationship between renewable resources, tourism and parks and the environment is redefined and entrenched in one department;
- the importance of non-renewable resource development as a vital sector of the economy is recognised. The relationship between non-renewable resources and economic development will also be reflected in the new Department of Energy, Mines and Development, which will combine the existing Energy, Mines and Petroleum Resources with Economic Development. At the same time the Tourism component will be reallocated to the Department of Environment and Resources, which will also be allocated the Science Institute;
- the consolidation of Safety and Public Services into Justice and Regulatory Affairs will place judicial and regulatory functions in one department;

- Culture and Communications activities would be split up, with the culture-related functions including libraries and museum, being placed in with Education, and the service functions located alongside other service functions in Public Works and Government Services;
- this phase would also see the amalgamation of Transportation and Public Works in one department. This would allow some savings in senior and administrative personnel to be achieved, and would facilitate coordination of government infrastructure development across the Northwest Territories.

Sustainable Development

Although not reflected in the plans set out above, there is a special case to be made for a unique northern department of Sustainable Development. It would be made up as follows:

Components	Departmental Focus
Sustainable Development (environment, renewable and non-renewable resources, tourism and parks, business development)	To promote economic opportunities in a way that is sensitive to the environment and resources in the north.

This department would build on the existing policy on sustainable development and would be created by consolidating the Environment and Renewable Resources Department with Energy, Mines and Economic Development Department. This new organization would promote integrated decision making by combining two opposing points of view in one department under one head. It would ensure that the government receives healthy and balanced discussion of both sides of the argument, with a view to seeing that this is not a "zero-sum" argument, but one in which both interests can be creatively advanced.

The outline of such a new department is provided below:

Department of Sustainable Development

Rationale

- the theme of sustainable development links the Northern economy and environment in a unique relationship that marries resource management and conservation with a balance of economic development of Northern resources;
- this structure would promote business development in the renewable and non renewable sectors of the economy, whether the business was a country food outlet or a major mining project;

- the logic of grouping is evident: promote the development of the resource economy in an environmentally sensitive yet progressive manner;
- there would be the capability to negotiate federal/GNWT agreements (oil and gas, mineral agreements, economic development agreements) under one structure;
- future devolution of resource programs (fisheries) could be transferred within the structure of this department.

Structural Changes Suggested:

- the Department of Sustainable Development would include such programs as tourism and parks, environmental management, business development, emergency preparedness;
- the development of tourism would be based on the unique, natural and marketable features of the Northern environment;
- environmental programs (hazardous wastes, pollution control, recycling, oil spill containment, environmental protection) would be consolidated within one structure;
- four divisions would be created under this structure: energy and resources, business development, tourism and parks and environmental management;
- programs would be much more comprehensive and less fragmented with coordination in headquarters and regions vastly improved;
- this suggested structure provides for a more "manageable" type of Department, with programs that are compatible and integrated; the "mission statement" could be the sensitive and responsible development of the Northern resource economy;
- frontline workers (Renewable Resource Officers) would be in an ideal position to respond to environmental concerns.

The Project Group believes that a new department of Sustainable Development would create a great many advantages for the GNWT. The history and cultural traditions of northerners would give such a new department considerable credibility and world attention. The Project Group is sensitive to the fact that the "pro-development" and the "pro-conservation" forces would have to be satisfied that their points of view could be adequately represented and balanced in such a unified structure. The new department would have to be seen as combining these points of view in creative and balanced ways, not favouring one point of view over the other.

There would undoubtedly be a special sensitivity in how such a department was set up and how it was structured. For this reason the Project Group believes and recommends that the GNWT should proceed in this direction very early on, but in a way that allows for prior public consultation regarding the specific mandate, structure, and staffing of the proposed new department.

Conclusions and Recommendations

In reviewing options for restructuring Government, two plans have been outlined, representing a comprehensive amalgamation of departments and programs that will streamline the business of government, assist Cabinet in discharging its collective responsibilities, and facilitate the transfer of more program authority to communities.

The Project Group is cognizant of the argument that moving too far in the direction of consolidation will create a "junior" looking government. The Project Group heard this reservation expressed a number of times. The argument runs that since the GNWT wishes to take its place at the table with provincial governments, it will need a provincial-looking administration, with a full complement of departments. The Project Group believes there will be far greater credibility not in what the GNWT looks like, but in how well it performs. A similar-looking government is less important than one that is working efficiently and working well. Results will be far more important than look-alike appearance in making the case for provincehood, especially if the cost of that look-alike appearance is financial insolvency. Secondly, the GNWT is different: it is a "northern" government and it is a "native" government, unlike other jurisdictions. This is reflected in the consensus form of government and should also be proudly reflected in administrative structure. It is more important that the business of the GNWT be conducted in a way that is compatible with the people it serves. For these reasons, the Project Group is not convinced of the need to mirror southern Canadian jurisdictions.

The Project Group recommends that the GNWT immediately proceed with the second level of consolidation as presented above.

This plan of consolidation will greatly strengthen the ability of the GNWT to contain costs and operate its departments efficiently, thereby freeing-up dollars for much-needed program areas.

It would also bring greater coordination and focus to the transfer process, and to the post-transfer support which communities will require. It is not further decentralization or centralization which is needed, but a strengthening of both levels of government and a more equal partnership. Stronger communities will not evolve if the GNWT does not have the strength or proper organization to meet the task.

Thirdly, consolidation of departments greatly facilitates program consolidation and integration. It will be easier to eliminate any instances of program duplication and overlap which now exist.

Fourthly, it will give the GNWT a greater ability to manage the northern agenda, and pursue the north's top priorities.

Lastly, service to Cabinet will be greatly improved. Cabinet will receive better, more integrated policy advice, and will be in control of a departmental structure which is better able to bring together all the resources of government on urgent problems.

To recap, the advantages of the proposed consolidations are many:

- Cabinet will be able to take charge of an organization that has been designed with Cabinet priorities at the forefront (e.g. the economy, the environment, education, housing);
- The community transfer thrust will be greatly enhanced in this plan; programs will be integrated and policy advice will be far less fragmented, resulting in programs that are more innovative and communities that are more inclined to assume increased authority for these programs;
- Departments have been organized into structures that can now boast "compatible" programs (e.g. resource development and economic development; community affairs and housing; education, training, and income support);
- Cabinet with the help of stronger central machinery, will be in a much better position to both control costs and provide strong central direction to its operating departments; two essential ingredients in a fiscal restraint mode;
- Bureaucratic "clutter" like excess layers of management, duplication of programs/services, proliferation of boards and agencies will be cleaned up; the size of Government will be streamlined with a renewed vigour to face new and existing challenges;
- Public perception of the new "image" Government will be greatly enhanced; the leaner structure should lead to increased efficiencies in response time and control of costs.

In summary, the Project Group believes this consolidation plan, the broad outlines of which have been given above, should be viewed as the blueprint for change and the new trademark for a uniquely northern structure of government.

For departmental consolidation to succeed, it should be made the first priority of the new Legislative Assembly. If the proposal is accepted, it should be implemented all at once, or the drive to restructure will lose momentum. Therefore it is strongly recommended that the entire restructuring occur as one exercise, at the earliest possible date in the term of the newly elected government.

This issue of consolidating and simplifying the business of government is crucial to the timely transfer of additional program authority to community governments. Consolidation is an integral component in paving the way for transfer. If this process of consolidation drags on and gets caught up in administrative delays or debates, then the opportunity for timely community transfer could be lost. It is also important to emphasize that this consolidation and emphasis on community transfer does not imply a weakened headquarters management structure and function. Quite the contrary, a strong and capable management structure acting effectively under the direction of Cabinet is essential to the success of community transfer and fiscal restraint. Consolidation and community transfer change the role of headquarters management but not the need for the function.

C. LAYERS OF MANAGEMENT

Just as there is a need to consolidate GNWT departments to create fewer, large departments, there is also a need to consolidate **within** individual departments to create fewer programs and fewer layers between top management and communities of the north.

The question of "layers of management" in an organization is a question which has been almost completely re-thought in recent years. Excessive layers of management are becoming recognized as a major impediment to effective vertical communication in an organization. The goals from the top become badly distorted by the time they reach the front-line and vital information from front-line staff is seriously compromised by the time it gets back to senior management.

The layers of management in an organization were once tied closely to the idea of span of control, but that idea too has been seriously shaken especially with the introduction of new information technology. Many private corporations were forced to de-layer in the 1980s. To their surprise they learned that the reach of management could be greatly extended by strongly emphasising proper information technology, goal-setting, delegation, and "feedback" techniques. These lessons cannot afford to be lost on government, especially in periods when the demands on government are still many, but the resources available are shrinking.

In considering the layers of management in the GNWT, the Project Group looked particularly at two issues:

- The review process for the creation of management positions;
- The number of senior management positions.

These issues are of concern for two reasons:

- The costs they add to government;
- The distance they can create between senior managers in headquarters and front-line staff in the regions and the communities.

Creation and Distribution of Management Positions

At present, there are approximately 226 senior managers in the GNWT, at the following levels:

- 18 Deputy Ministers (or equivalent)
- 27 Assistant Deputy Ministers
- 12 Regional and Assistant Regional Directors
- 86 Regional Superintendents (or equivalent)
- 76 Division Directors
- 7 Executive Directors

In the past ten years there have been a number of new senior positions created in the GNWT, although the information base needed to trace this growth is very deficient. The Project Group was not able to obtain accurate data covering the 1980-1990 period.

As well, it seems that some senior positions are being created in a very uneven way. For example, positions at the Director level show anomalies as follows:

- Public Works with 487 PYs has eight directors;
- Energy, Mines and Petroleum Resources with 20 PYs has seven Directors

The layers of management also shows a great deal of unevenness. In some departments, management appears to be unnecessarily layered. For example, in Education, there are the following positions in the Finance and Management Services division:

- Director
- Four Managers
- One Supervisor

In some cases, the Managers have no staff reporting to them.

In the Regional offices, there also appears to be an uneven distribution of managers. For example, all Regional Executive offices are staffed by a Regional and Assistant Regional Director position. (In Fort Smith, there are Area Directors.) Although the Baffin Region is twice the size of the Kitikmeot Region, there is a Regional Director and Assistant Regional Director in each Region.

Similarly, some Regional departments with as few as 12 PYs have a Superintendent and Assistant Superintendent position (Finance, ED&T, MACA).

In reviewing the distribution and pattern of management positions, the Project Group makes three observations:

1. The data base respecting management positions is very weak. No information was available to trace the areas of greatest growth. The data base will need to be strengthened if the GNWT is to effectively control costs in this area.

2. In many cases, the rationale given to the Project Group for the number of management positions was either weak or non-existent. An explicit and defensible rationale should be available for all management positions, and should relate positions to such factors as:

    - costs/benefits associated with the management structure
    - number of PYs in Department/Division
    - ratio of number of managers to staff
    - ratio of programs to managers

- impact on decision making

3. It is recognized that even with the development of tighter and more explicit position rationales, there will still be differences between the management structures of different departments, and for good reason. For example, differences in program structures will require differences in management structures. However, the very wide extremes which are now evident are a concern, since extreme differences in departmental structure add considerably to the complexity of government and the difficulties community residents experience in dealing with the various arms of the GNWT. As a consequence, a tendency has developed to bypass the bureaucracy completely in favour of going straight to Ministers for relatively minor administrative matters. This is frustrating and time-consuming for everyone. To avoid being regarded as a large, complex and confusing "southern" institution, the GNWT will always have to pay special attention to keeping its departments as simple and understandable as possible. Every effort should be made to see that the business of Government is carried out in as similar a manner as possible from one department to the next. Simplification and **feasible** standardization should be consciously factored into departmental design, wherever possible.

Growth in Assistant Deputy Minister Positions

Over the past five years, growth in the senior management ranks has occurred as follows:

	1985	1990	%Increase
Deputy Ministers	14	18	29
ADMs	15	27	80

Departments (and PYs)		
No ADMs	**One ADM**	**Two ADMs**
Government Services (233)	Personnel (124)	Culture (128)
EM&PR (20)	Finance (159)	MACA (158)
SAPS (68)	Justice (126)	Social Services (463)
	Executive (159)	Renewable Resources (273)
		ED&T (157)
		Education (501)
		Health (133)
		Housing (164)
		Transportation (222)
		Public Works (487)

The number of ADM positions has grown rapidly in the past five years and shows no signs of abating. There is now one DM or ADM position in the GNWT for every 130 employees, which is an extremely top-heavy management structure.

The number of ADM positions in departments does not appear to be related to the size or the structure of that particular department. As examples:

- Culture and Communications with 128 PYs has 2 ADMs
- Personnel with 124 PYs has 1 ADM
- Social Services with 463 PYs has 2 ADMs

The departments of the GNWT are not very large. If the departments were consolidated, there might be greater room to understand the need for the large (and growing) number of ADM positions. As it stands, one of the advantages of small departments is the opportunity provided DMs to be directly in touch with their senior program staff. The growing number of ADMs negates this advantage and is contrary to the (sensible) trend towards flat, delayered organizations. Accordingly, this is an area where the GNWT should focus on reducing the layers (and numbers of positions) at the management level.

Conclusions and Recommendations

In the GNWT, the creation of management positions (i.e. Hay Plan positions) is reviewed by a committee chaired by the Deputy Minister of Personnel, along with three other senior Deputies.

This is separate from the review of "organizational structure", which rests with the Priorities and Planning Committee. Any change affecting departmental structure at the senior management levels must be vetted by Priorities and Planning Committee.

The Project Group believes that the appropriate review of senior management structure and senior management positions rests with neither of these bodies but with the Financial Management Board alone. Structure is a key element of cost, and decisions of cost are the domain of the FMB. Similarly, senior personnel are a key resource in an organization, and the question of appropriate resource allocation rests with the FMB.

Accordingly, the Project Group recommends that the FMB and the FMB alone be assigned responsibility in the review of departmental management structures, and the review of new management positions. The review of these areas should take place on an ongoing basis in the context of the preparation of the annual estimates. This is the appropriate time for reviewing programs of government, and the resources, including management resources, required for the delivery of those programs.

Additionally, it is recommended that the information base, rationale and the process for creating management positions be considerably tightened in the GNWT. While this tightening should apply to all management positions, it is especially true of the ADM level.

D. A STRONGER ROLE FOR REGIONAL OPERATIONS

The Project Group examined the "regional operations" of the GNWT from two perspectives.

- First, the extent to which decision making occurs outside of headquarters;
- Second, the role of the Regional Director.

The first issue was of interest as it has a large bearing on the over-all efficiency and productivity of the GNWT. In all cases, decisions should be delegated to the lowest practical level and as close as feasible to the point where action is to be taken. This accelerates decision making and it increases productivity. An employee with greater scope for decision making also has greater scope for taking action and getting results. In short, he can do more for his own position, and for the organization as a whole. Proper delegation allows an organization to do more with the available resources.

In the context of the GNWT, delegating decision-making to front-line staff would give those staff who live in the communities an opportunity to take on problems from a ground up or community-based perspective, and give them the satisfaction of seeing their solutions put into effect.

Community-based officials tend to approach community problems with an holistic (or government-wide) perspective rather than simply from an individual departmental view and generally see community life differently and more realistically than a distant territorial Government official. Being able to respond to a community problem in a practical manner - and being able to see immediately the results of that response will contribute to work enrichment, enhanced job satisfaction and better productivity in the GNWT.

The Distribution Of Regional Staff

The GNWT provides programs and services to some 55,000 residents scattered over 3.3 million km^2 in some 64 communities. To better manage and deliver these programs, the GNWT has organized the Territories into five regions, with one (Fort Smith) being further subdivided into three areas.

Within each of the five regions, the GNWT has a number of staff, including line department staff, and Executive staff.

- All line departments have positions in the regions. The regional centres have senior management positions such as the Regional Superintendent and Assistant Regional Superintendent, and the individual communities have a number of front-line departmental staff.
- The Department of the Executive has the office of Regional Director, an Assistant Regional Director, and staff in the communities. They bring a Cabinet perspective and coordinate activities within a region.

Among line departments, there is a significantly different break-down in terms of staff located in headquarters, in the five regional centres, and in the communities. Of 6,200 employees, approximately 67% are located in the five regional centres and headquarters (which account for 46% of the total Northwest Territories population). At the community level, the Department of Education has the greatest number of community-based field staff, with 53. Other departments with community-based staff are as follows: Health (40); Public Works and Social Services (37 each); Renewable Resources (31); and Executive and Arctic College (29 each). Economic Development and Tourism has employees in 21 communities, and Transportation in 13.

To further illustrate the number and types of staff positions in the regions, an analysis of the Kitikmeot Region is presented here. The Kitikmeot Regional Centre is Cambridge Bay. All departments have Superintendents there, except for Social Services, Renewable Resources and the Kitikmeot Divisional Board of Education (KDBE) which have moved their senior regional staff to Coppermine.

Fourteen departments are represented in the region.

Five departments have staff in **each** community:

- Executive
- DPW
- Social Services
- Education - KDBE
- Health - Health Centres

Eight departments have staff in only **one** community:

- Education (KDBE headquarters is in Coppermine)
- Personnel - in Cambridge Bay
- Finance - in Cambridge Bay
- Government Services - in Cambridge Bay
- Culture and Communications - in Cambridge Bay

- MACA - in Cambridge Bay
- Transportation - in Cambridge Bay
- Health (Health Board headquarters is in Cambridge Bay)

The remaining departments have staff in two or more of the communities. In total, in the Kitikmeot region there are 334 GNWT staff positions, as follows:

		GNWT POSITIONS			
	Population	Frontline	Admin.	Managers	Total
1. Cambridge Bay	1,065	83	59	21	163
2. Coppermine	945	54	8	5	67
3. Spence Bay	564	29	2	1	32
4. Gjoa Haven	742	31	2	1	34
5. Pelly Bay	345	18	1	1	20
6. Holman Island	335	16	1	1	18
TOTALS	**3,996**	**231**	**73**	**30**	**334**

(Frontline workers are positions such as teachers, nurses, social workers, economic development officers, renewable resources officers, etc. Administration staff includes secretaries, clerks, etc. Management includes Hay Plan managers.)

In Cambridge Bay, a regional centre, the percentage of GNWT staff per capita is 15.3%, while in the communities it is as follows:

Holman Island	5.4%
Coppermine	7.1%
Gjoa Haven	4.6%
Spence Bay	5.7%
Pelly Bay	5.8%

In presenting these figures, it should be noted that the Project Group was **not** asked to comment on the **number** of positions in the region, but was asked to gauge, through interviews with departmental staff, community residents, and elected community officials, the extent to which these staff exercised substantive decision-making.

As can be seen from the above case of the Kitikmeot region, generally speaking, the departments with programs and services directed to individuals and/or families have made some effort to provide community-based delivery. However, the extent to which these programs are actually managed locally was seen as insufficient by many of those interviewed. The Project Group heard strong evidence that actual decision-making in the GNWT needs to be put closer to the client.

Delegating Decision-Making: Putting The Community Up-Front

The GNWT exists to serve the people of northern communities. The pattern of decision-making should reflect this. Even with high-tech communications and transportation, decisions affecting programs or services should be made as close as possible to the end user, i.e. the people of northern communities. This ensures that the client's interests stay up-front in an organization's thinking, and that the organization is "client-centred".

The results of "distance decision making" can be programs that are inappropriate, actions that are ineffective, problems that remain unsolved, and decisions that remain stuck in red-tape. By moving authorities "out there", there would be plenty of opportunities for program integration, and innovative approaches to solving problems and response time in dealing with problems/issues would be fast tracked.

As a consequence, the Project Group recommends the GNWT should strongly re-assert the importance of moving decision-making closer to the community base, especially at a time when the GNWT is becoming actively involved in transferring more responsibility and authority to community governments.

The Role of the Regional Directors

Each of the five GNWT Regions has a Regional Director (and four have Assistant Regional Directors), reporting to the Government Leader. Regional Directors are meant to provide a coordinating function to line Managers and ensure that these Managers are fully aware of Cabinet priorities, not simply departmental mandates.

The role of the Regional Director has changed over the period of 1980 to 1990. The Regional Director originally had formal line authority over operating personnel in the Regions. All Superintendents of the Region reported to the Regional Director, and the Regional Director reported to the Commissioner. That role changed very rapidly with the introduction of Ministerial government. The Regional Director now coordinates the activity in the region, and chairs meetings of Regional Superintendents. Superintendents now report to their own Deputy Ministers or Assistant Deputy Ministers.

The success of the Regional Director in the region now hinges on the ability to "influence" superintendents, which in turn is based primarily on personality, management style, or relationships with individual Ministers.

A New Role

The Project Group believes the role of the Regional Director can be a very important one but has concluded that the role should be redefined and oriented to the service of the full Cabinet. Their current role and reporting relationship leaves them isolated and less effective than they might be.

Specifically, the Project Group recommends:

- that the Regional Directors should serve the Cabinet as a whole (not just the Government Leader)
- that the Regional Directors should report directly to the Cabinet Secretary
- that the Regional Directors should serve as part of the central machinery of the GNWT, ensuring that Cabinet priorities are clearly articulated to departmental regional officers and that a regional perspective forms a strong part of central agency thinking
- that the Regional Directors should perform a strong role in relation to the new priority attached to community transfers, and that they should be key members of the GNWT's Implementation Group for Community Transfers

The Project Group believes however there is room to eliminate the Assistant Regional Director, with that role taken on **in rotation** (perhaps on an annual basis) by one of the regional superintendents. This has the following advantages: it would save positions, it would give regional superintendents a greater corporate perspective, and it would give each regional superintendent a better insight into other departments. The idea that the GNWT is **one** government - not separate and distinct departmental entities - should be reinforced at every opportunity. As a result, regional superintendents would become not only better in their jobs, but more important, they would become better "corporate" problem solvers on behalf of the GNWT, and far better problem solvers in being able to expedite business for the public. The ability of the superintendent to fill this role while at the same time filling his regular duties is subject to question, but departmental support could be provided to allow for re-arranging his work load during his period of double duty. As such, the Project Group believes that superintendents would not find this insurmountable (especially as the cycle of double-duty would only come around every seven years).

This option is therefore strongly recommended.

Executive Service Officers (ESO)

The ESO positions report to the Regional Directors and are often the only GNWT contact in the smaller communities. They are responsible for a number of programs and services including:

- Personnel Services
- Accommodation Services
- Finance Services
- Government Supply Services
- General Office Services
- Executive Liaison
- Public Service

The Project Group heard from communities that the ESOs are vital in these communities where there are no other or very few government staff or resources. They assist community people and/or carry out the work of Government.

Not all communities have an ESO. All the communities in the three regions of Baffin, Keewatin and Kitikmeot have Regional Directors or Executive Service Officers but in the western Arctic, 21 out of 30 communities do not. In the Inuvik region, only 3 out of 12 communities have executive representation.

- Inuvik (the regional centre) has the Regional Director
- Tuktoyaktuk and Norman Wells have ESOs

And in the Fort Smith region, only 6 out of 18 communities have executive representation.

- Yellowknife is the headquarters
- Fort Smith is the regional centre
- Fort Simpson and Rae are area centres
- Hay River has a Field Service Officer
- Fort Providence has a Field Service Officer

In the western Northwest Territories, the Band Council often provides similar services to those of the ESOs. There is no GNWT funding to provide that service, but it is provided since there is a need for it. The Dene people recognize the Band Council as their representative, and look to them for assistance. The Band Office Staff provides the liaison for the people to GNWT.

Accordingly, it is recommended that the GNWT consider funding to Band Councils in the Western Arctic for ESO positions. These could be 3-year contract positions, and one of the specific duties assigned to these positions could be the community groundwork associated with "Community Transfer Agreements".

CHAPTER 5: GOVERNMENT-CREATED BOARDS AND AGENCIES

A. THE PROBLEM

It is the strong view of the Project Group that one of the greatest areas of structural inefficiency in the GNWT lies in the excessive use of non-elected and mostly advisory boards and agencies. Many of these boards exist at the community and regional levels, and undermine and hamper the development of strong undivided community leadership. They are also deflecting funds from program services and are less necessary now that there is a fully elected territorial Government. Since its inception in 1967, the GNWT has relied heavily on third party boards and agencies, and there are now about 800 such structures in a territory of only 64 communities.

In a sense, consensus government was complemented by these types of public structures: boards and agencies provide some useful advice/feedback or "community" thinking on new programs and initiatives of the government. As well, some of the larger boards are also partly responsible for the administration and management of selected programs.

While there are advantages in seeking public opinion in a consensus government, the excessive use of boards and agencies has a number of major drawbacks. As a consequence, the third party board and agency concept is being seriously re-thought by the GNWT.

In "Direction for the 1990s", (February 1988) the Executive Council indicated that "the many special purpose committees, societies and boards at the community level,. . . independent of elected municipal and community governments,. . . reduced the effectiveness and control of elected councils. . . A variety of regional boards and bodies further complicates this already complex government system."

As well, the discussion paper on "Political and Constitutional Development in the Northwest Territories", (November 1988) estimated that there were "1500 elected politicians in the Northwest Territories, as well as at least 800 statutory and other GNWT sponsored bodies operating in the communities. In the non-taxed based communities, there are over 320 special purpose bodies costing about $66 million a year. At the regional level there are regional and tribal councils, health, wildlife and educational boards and aboriginal organizations. The cost of supporting these groups is deflecting public funds from the provision of public services such as education and housing."

The Project Group agrees with these conclusions:

First, the proliferation of boards and agencies has made it virtually impossible for the GNWT and community governments to effectively manage the business of the north. Layer upon layer of boards and agencies make effective decision-making impossible and leave the average person bewildered at the structure of government. Both the elected official and average citizen have been made to feel powerless.

Second, these structures are undermining the effectiveness of elected leaders, including Members of the Legislative Assembly, Cabinet Ministers, and community leaders.

Third, the administrative costs (honoraria, travel, accommodation, expenses, etc.) of these structures are large and increasing, and draw funds away from program services.

And last, all boards, agencies and third party organizations are creatures of the GNWT. Few if any of these boards and agencies were invented by communities or community governments. As a result, there is very little ownership of these structures at a grass roots level. Community residents find the mass of boards confusing and community talent is fractured into dozens of weak and competing structures.

B. THE CATEGORIES

There are a great many third party organizations in the north that provide feedback (wildlife management boards), handle administration (Housing Associations) or have been set up in order to appropriate contribution dollars in the communities (daycare societies). Departments have developed their own respective community organizations (Hunters and Trappers Associations, Drug and Alcohol Groups).

The major categories of third party boards and agencies are set out below.

1. Advisory/Management

Examples:

i. Committee on Aboriginal Justice

This committee is advisory to the Minister of Justice. Consisting of 5 members, the committee provides advice to the Minister on matters related to aboriginal justice. Members on the committee are appointed by the Minister. Annual costs to administer: $25k

ii. Boards of Health

Boards of Health are boards of management responsible for the delivery of health services and management of health facilities. Appointed by the Minister, there is usually one member for each community that the Health Board represents. Representatives of local/regional aboriginal organizations are appointed to Health Boards. Additionally, there are three hospital boards of management.

In addition to the administrative costs associated with Board membership (travel, accommodation, honoraria), there are also significant operational costs related to the structure and organization of Board offices in Inuvik, Kitikmeot, Rankin, Iqaluit and the Mackenzie Region. Administrative costs: $510k (travel and honoraria only)

iii. Divisional Boards of Education

There are seven divisional boards of Education (possibly ten in the future) which manage and direct the delivery of the school program in their respective areas. They set priorities for education and provide advice to the Minister on new programs, initiatives and construction of schools. Members on the Boards are appointed by the community education councils who are in turn elected by the community. There are also 49 Community Education Councils, five Societies, two School Boards and a Board of Secondary Education.

2. Regulatory/Complex

Examples:

i. Public Utilities Board/Highway Transport Board

These boards are regulatory boards established under legislation. The members are appointed (by the Minister/Commissioner) and the boards regulate as well as review utility and transport issues affecting the Northwest Territories. There are four members on each board. Administrative costs: $175k

ii. Northwest Territories Housing Corporation Board of Directors

The Northwest Territories Housing Corporation Board of Directors, composed of 12 members is established under the Housing Corporation Act to provide policy and advice to the Minister on issues related to housing inventory and design. There is also established in each community a Housing Association/Authority with the responsibility to allocate and manage the Corporation's public housing units. Administrative costs: $100k

iii. Arctic College Board of Governors

Appointed by the Minister of Education, the Board of Governors, consisting of 15 members, administer the Arctic College system and provide policy advice to the Minister through the College. Administrative costs: $160k

3. Complex/Regulated Commercial

The only board that is currently defined in this category is the Northwest Territories Power Corporation. Established under the Act and reporting to the Minister of Energy, Mines and Resources, the Power Corporation is responsible for the generation, transmission and supply of energy across the Northwest Territories. There are presently nine members on the board of directors. Administrative costs: $200k

It should be noted that the per diem honoraria are set by directive of the Financial Administration Act. Ranging from $150 - $650 per diem for Chairman and $100 - $250 per diem for ordinary members, these rates are considerably higher than the per diem honoraria for elected officials of most community Councils.

C. THE NEW APPROACH: STRENGTHENING THE ROLE OF THE ELECTED REPRESENTATIVE

In the beginning of the GNWT, a legitimate need existed to maximize input from the public, particularly since the government was in its formative stages and the "territorial council" members were for the most part appointed by Ottawa. There was a requirement to weigh public opinion in the absence of political representation in the Legislative Assembly and organized elected community governments.

But the Project Group believes times have changed. Now, public opinion and consultation can be channelled through legitimate "elected" bodies. Structures must be streamlined and the business of government must be carried out more efficiently, and in a manner less bewildering to the average citizen. Consensus government implies that different opinions be heard and weighed carefully. It does not imply the continued proliferation of permanent structures which deadlock the business of government.

Northern government in the 1990s should strengthen the role of the **elected** representatives at the territorial, and community levels. In order for elected and accountable officials to assume greater control over the real "bread and butter" programs, the elected government structures must not be undermined. The profile of the MLA as the elected representative of their constituency must be raised.

Strengthening the Role of Community Governments

The vision for the 1990s must also pave the way for community governments to assume greater control over those programs that affect the lives and the fabric of their community. Today, in some communities, there are as many as 30-40 groups involved in many different aspects of community life from childcare and housing to health and education. The strength of the elected community council has been effectively restricted to providing water and sewer services. By significantly reducing the number of these community groups, there will be new opportunities for consolidation and restructuring under the jurisdiction of the community government. Structures will be legitimized, numbers of groups will be reduced and community management of programs will be less complex. Funds will be directed to programs and program delivery rather than structure and administration.

Recommendations

The Project Group recommends that boards, agencies and other third party organizations and structures be reviewed in light of the following factors:

- categorization of the function: advisory, regulatory, appeal, administrative, management;
- opportunity for amalgamation under the umbrella of a community government;
- administrative or operational costs to maintain the board/agency;
- mandate in today's political environment with consensus and representative Government (MLA, Cabinet, etc.).

With these factors in mind, all boards and agencies should be assessed specifically in light of **elimination**, **downsizing**, or **consolidation**.

1. A number of boards and agencies have been set up to provide advice. These include:

    - Northwest Territories Arts Council
    - Akaitcho Hall Advisory Board
    - Affirmative Action Advisory Committee
    - Advisory Committee on Aboriginal Justice
    - Advisory Council on Women
    - Victims Assistance Committee
    - Development Impact Zone Groups
    - Trade Advisory Committees (there are five committees)
    - Public Records Committee
    - Student Financial Assistance Board
    - Teacher Certification Board
    - Tourism Marketing Council

2. Boards and agencies that provide a management or administrative function include:

- Housing Corporation Board of Directors
- Housing Associations
- Arctic College Board of Governors
- Alcohol and Drug Services Board of Management
- Legal Services Board (including Regional Committees)
- Wildlife Management Boards
- Business Credit Corporation
- Business Loan Boards/Development Corporation
- Hunters and Trappers Associations
- Regional Health Boards
- Hospital Boards
- Community Education Councils
- Territorial Hospital Insurance Services Board

With some boards (Health Boards, Housing Associations, etc.), there are significant opportunities to downsize and/or consolidate under the community government, thereby saving costs, reducing the number of community and regional groups and eliminating unnecessary duplication and confusion.

3. Boards and agencies that provide a regulatory or appeals function should also be subject to review. These include:

- Public Utilities Board
- Highway Transport Board
- Labour Standards Board
- Liquor Licensing Board
- Worker's Compensation Board
- Occupational Health and Safety Board
- Social Assistance Appeals Board
- Assessment Appeal Tribunal of the Northwest Territories

4. Those third party structures that have been set up, usually at the community level, in order to provide program funds (contributions) to a community group or to provide a "window" for departments to implement programs. There are opportunities for consolidation under the community government.

- daycare societies
- radio societies
- drug and alcohol societies
- library societies/associations
- historical/heritage societies
- tourism associations
- crisis shelter/family violence groups

- youth justice committees
- social assistance appeal committees
- friendship centres/youth groups
- arts/cultural organizations

The consolidation of some of these groups under a community government (if the communities desire this option) will enhance the role of the elected officials and should provide for a more "manageable" way of doing things in the communities. It will also facilitate for the transfer of more GNWT programs to communities under the mandate of strong elected leadership.

5. The number of members and directors on any given board varies significantly. Territorial boards tend to have large memberships with numbers ranging from 15 (Arctic College Board of Governors) to four (Public Utilities Board). Regional/Divisional Boards have numbers ranging from 19 to seven. Normally, membership is determined by legislation and usually a range of numbers is suggested. (i.e. 7-12 members). If it is decided that certain boards cannot be eliminated, then consideration could be given to reducing the numbers of members on those boards (downsizing).

   Accordingly, it is recommended that the number of members on any GNWT board be reduced significantly to say, three to five members. This would result not only in cost savings, but would also streamline the business of the board as well. One way to reduce numbers on boards would be to not fill vacancies as they occur; it should be noted that there is a significant vacancy rate on many boards and numbers could be reduced now by simply not filling some of these vacancies.

6. Honorarium rates are outlined in the Financial Administration Act Manual (FAM) based on the category of the board (advisory, regulatory/complex, complex regulated commercial). Daily honorarium rates range from \$100 - \$200 for members to \$150 - \$500 for Chairmen. A number of boards are proposing rate increases over and above the FAM rates, (WCB, PUB, HTB). In some cases, these requests represent a 100% increase in existing honorarium rates.

   It is strongly recommended that honorarium rates as outlined in the Financial Administration Act be strictly adhered to and that there be no consideration given to **any** proposals for rate increases. It is felt that existing honorarium rates are fair and should adequately offset loss of wages and any other costs incurred by members. Expenses incurred by board members are also paid as a separate item. Honorarium rates for many boards are already considerably higher than the rates set for elected community councils.

   It is further recommended that consideration be given to voluntary membership on boards; this observation was made by a number of municipalities which responded to the FMB questionnaire. In the case of voluntary membership, expenses would continue to be paid, but honoraria would be discontinued. It is felt that the idea of voluntary membership will "catch on" in the Northwest Territories resulting in significant savings in honoraria.

7. In reviewing the issue of the numbers of boards and agencies, the Project Group noted that some boards had not met for many months or even years. There does not seem to be any periodic evaluation of boards to determine relevancy or legitimacy - factors that are crucial, especially in times of fiscal restraint.

   The Project Group has already recommended that many boards be eliminated, but for those that remain, it is recommended that regular and on-going evaluations of boards be undertaken with specific attention to the costs and mandate of inactive boards.

   It is further recognised that, at times, there may be the need for public opinion and that in order to receive this input, "special boards" be struck to discuss specific issues. These boards would have a definite sunset clause and would cease to exist when their mandate was completed. In this way, the costs can be controlled and numbers of boards can be better managed. As well, consideration could be given to voluntary membership on these special boards.

Conclusion

There will undoubtedly be varying degrees of political backlash as a result of the reduction or elimination of honorarium payments, and a perceived decreased level of advice and input from community groups. As well, Ministers and senior bureaucrats may see the process as threatening their established "institutions" and will want to maintain their departmental windows and allegiances in the communities. Elimination and reduction of selected boards and agencies will also be considered by some as risky by a government that has traditionally adopted a very cautious approach in conducting its affairs.

However, in the Northwest Territories today, there are at least 500 elected community officials representing varying levels of municipal and Band Councils who are able to provide advice and feedback on GNWT programs. These community leaders are starting to show an interest in assuming more control over some of these programs let alone provide advice. Additionally, elected MLAs are now an established forum for ensuring that the views of their constituents are properly represented.

A major rethinking of the costs, effectiveness and usefulness of third party boards and agencies is therefore crucial in terms of redeploying scarce funds from structures to programs, making the north more manageable, streamlining and simplifying Government, re-enhancing the role of elected officials and providing a more comprehensive framework for transfer of more authority to responsible community governments. This re-thinking would be in line with directions which Cabinet has already indicated, and in line with a less bewildering structure of government which northerners strongly desire.

CHAPTER 6: THE CENTRAL MACHINERY OF THE GNWT: REINFORCING CABINET LEADERSHIP

All organizations need strong leadership and a clear locus of power. This point cannot be made too strongly.

Organizations with a very clear sense of purpose and direction, will in the end, succeed. Organizations with a poor or weak sense of purpose and direction, will in the end, fail. The needs of central direction are paramount in any organization.

In the GNWT, the Legislative Assembly is paramount. On their behalf, the Executive Council (or "Cabinet") is charged with the special trust of giving purpose and direction to government. In the end, whether the GNWT achieves its goals in northern Canada, will depend on how clearly those goals are laid out, and how strongly those goals are carried out.

The responsibilities of Cabinet are different from the responsibilities of Ministers. Over the next ten years, the GNWT Cabinet will spend in excess of $15 billion. How it is spent, where it is spent, and on what it is spent, must in the end be decided by Cabinet, not departments or even individual Ministers. The job of Cabinet is to say what needs to be done; the job of Ministers is to get that job done.

If the unity of Cabinet fails to be maintained in carrying out the goals of government, neither will goals be achieved, nor will costs be held in line.

If Cabinet is to fulfill its essential role on behalf of the Legislative Assembly and people of the north, it requires the support of a well-designed plan of central machinery, which is equipped to provide a strong advisory and coordinating function, and staffed by the appropriate resources and very capable officers.

Strong Central Machinery and Strong Departments

But stronger central machinery will not only assist Cabinet, it will also assist line departments. By providing a framework of broad goals and policies which are clear and crisp, both the needs of central direction and needs of operating departments for greater freedom to manage can be met.

Departments can only operate effectively with an explicit understanding of Cabinet's directions and expectations, and with a precise understanding of the resource and policy parameters which are being established. Within this framework of clear Cabinet direction, departments should then enjoy considerable freedom to pursue their assigned mandates, without the need to be "shadow managed" by the central machinery whose principal purpose is to facilitate strategic decision-making and monitor its implementation.

Strong central Cabinet machinery and strong operating line departments go hand-in-hand in a properly-functioning structure.

A. CURRENT ORGANIZATION OF THE GNWT CENTRAL MACHINERY

The current organization of the GNWT central machinery, like the rest of the government, has evolved substantially over the past decade as the GNWT has assumed greater province-like powers. Today, the central machinery is a complex amalgam of departments, agencies, secretariats and small units. The major parts of this machinery are as follows:

- Cabinet, Cabinet Sub-committees, and the secretariats which serve these bodies;
- the Department of the Executive;
- the Department of Finance;
- the Department of Personnel.

Cabinet

The eight-member GNWT Cabinet is formally known as the Executive Council. It was formerly chaired by the Commissioner of Northwest Territories, but today is chaired by an elected MLA who is selected by other MLA's to be the Government Leader.

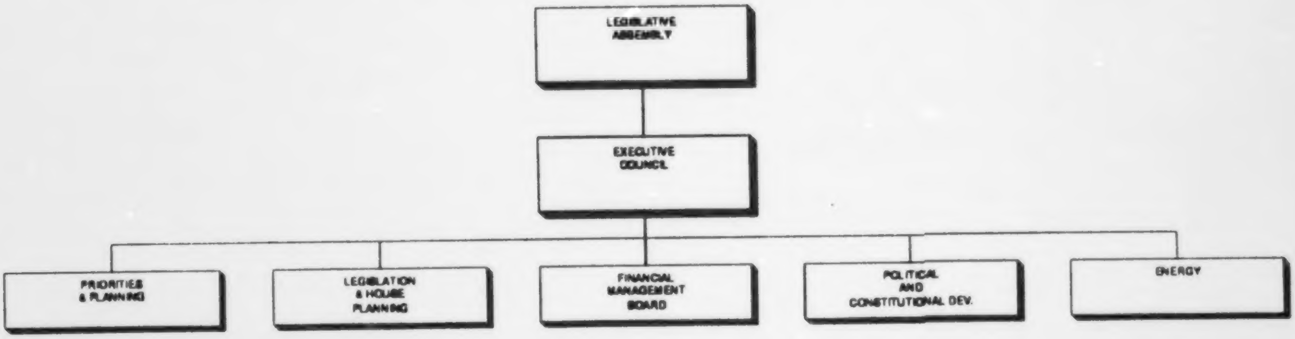
The remaining members of the Executive Council ("Cabinet") are also selected from among the 24 MLA's, and each is assigned Ministerial responsibilities over one or more of the GNWT's seventeen departments.

The major items of business dealt with by the Executive Council as-a-whole include:

- broad framework and direction of government policies and activities;
- Public Service appointments and other personnel matters;
- planning for the Legislative Assembly.

In addition to sitting as the Executive Council, the eight members of the Cabinet have also formed themselves into five major sub-committees: The Priorities and Planning Committee, the Financial Management Board , the Legislative and Housing Planning Committee, the Political and Constitutional Development Committee, and the Energy Committee. Each of these sub-committees is served by a secretariat (and in some cases by more than one secretariat). These sub-committees are shown in Figure 13 and are described more fully below.

FIGURE 13: CABINET COMMITTEE STRUCTURE


LEGISLATIVE ASSEMBLY
EXECUTIVE COUNCIL
PRIORITIES & PLANNING
LEGISLATION & HOUSE PLANNING
FINANCIAL MANAGEMENT BOARD
POLITICAL AND CONSTITUTIONAL DEV.
ENERGY

Sub-Committees of the Executive Council

Priorities and Planning Committee

- chaired by Government Leader and all Ministers are members;
- established by recommendation of Commissioner's Task Force on Administration (1979);
- provides policy advice, broad government planning and program coordination;
- reviews policy proposals, major organizational change, and program proposals;
- served by the Priorities and Planning Secretariat.

Financial Management Board

- chaired by the Minister of Finance and all Ministers are members;
- responsible for the overall financial management within the GNWT;
- powers and authority are derived from the Financial Administration Act (FAA);
- responsible for the development of estimates and overall resource allocation;
- served by the Financial Management Board Secretariat (FMBS).

Legislation and House Planning Committee

- all Ministers are members;
- reviews all legislative proposals and draft legislation;
- served by a small secretariat.

Political and Constitutional Development Committee

- chaired by Government Leader, plus two permanent members: Justice Minister and Aboriginal Rights and Constitutional Development Minister (Deputy Chairman);
- other Ministers are ex-officio members with full voting privileges;
- recommends to Executive Council on subjects related to aboriginal claims, constitutional development, division, devolution and federal territorial relations;
- served by a number of secretariats and advisors.

Energy Committee

- chaired by Minister of Energy, Mines and Petroleum Resources with the Government Leader, the Minister of Finance and of Justice, and the Ministers of Aboriginal Rights and Constitutional Development as members. Ministers with portfolios which may affect any matters discussed will be invited to participate in the Committee's activities;
- recommends to Executive Council on matters related to non-renewable resources, including oil and natural gas and other energy matters;
- served by the Department of Energy, Mines and Petroleum Resources.

The Department of the Executive

The Department of the Executive is the department which serves the Cabinet and which houses all of the staff and the secretariats which provide support to Cabinet and Cabinet subcommittees. (The exceptions are the FMBS which is housed in the Department of Finance and the Energy Committee which is served by the Department of Energy, Mines, and Petroleum Resources).

In addition, the Department of the Executive also houses a wide variety of other small units.

The Department of Finance

The Department of Finance, as noted, houses the FMBS which provides staff support to the Financial Management Board.

In addition, the Department of Finance also houses a number of other key responsibilities and units, including the Comptroller General, Fiscal Policy, Taxation, Revenue and Asset Management, and Banking and Investment.

The Department of Personnel

The Department of Personnel fulfils a number of responsibilities related to GNWT personnel policy, including labour relations, staffing, classification, training, affirmative action, and human resource planning. The findings and recommendations of the Project Group in relation to Personnel are also discussed in Part III of this report.

Evaluation

In examining the central machinery of the GNWT, the Project Group was aware that the Cabinet function in the GNWT is still evolving. The GNWT has been moving from Commissioner Government to Ministerial Government to Cabinet Government in the past decade, and the future may bring further changes to the style of government in the Northwest Territories, including changes affecting the size and composition of Cabinet and its sub-committees, and the relationship between Cabinet and the Legislative Assembly.

These changes were outside the terms reference of the Project Group. The Project Group was, however, asked to assess how well the current plan of central machinery was suited to supporting an evolving Cabinet function, and what steps, if any, would allow it to support an evolving Cabinet function even further.

In the course of its work the Project Group became convinced that there were weaknesses in the existing plan of central machinery, and that changes were needed if the needs of Cabinet were to be met.

The major deficiencies the Project Group sees are as follows:

1. There is not a sufficient locus of power in Cabinet and hence there is not a sufficient locus of power in the bureaucracy. The needs of central direction are not being met.

Minister do not yet have a clear grasp of the essential direction-setting role of Cabinet, and departments do not appreciate the direction-setting role of the central agencies.

The symptoms of a lack of central direction are painfully widespread. Too much time and attention is being spent on protecting individual budgets, and too little time is being spent on pursuing overall government priorities.

A respect for the proper process for the allocation of scarce funds is lacking, as is evidenced by the large number of financial submission "walk-ins", premature announcements, and supplementary funding requests. Ministers themselves are responsible for many of the abuses, but the problems now permeate many levels.

2. The GNWT central machinery has evolved in an ad-hoc and uncoordinated way. The result is a collection of small splintered groups, each pursuing its business in isolation from one another.

   There is seemingly very little coordination between and among the units serving Cabinet. Initiatives are undertaken by some units to the complete surprise of others.

   There is little sense of common bond between units and the rationale behind the distribution and fragmentation of units is not immediately apparent. Some Cabinet committees are served by no fewer than three units, some by one, and still others by an operating department (see below). There are major structural weaknesses in the way resources are organized; in areas where the central agencies have achieved a measure of coordination it is despite the structure they have, not because of it.

3. There is not a well-defined sense of the role and purpose of the central machinery within the GNWT. Staff in line departments lack a good understanding of what central agencies are supposed to do.

   Moreover the way the central machinery is organized helps to feed this confusion. To cite one example, one Cabinet committee, the Energy Committee, is served by the Department of Energy, Mines and Petroleum Resources. EM&PR was recently formed as a stand-alone department, prior to which time it had been a unit within the Department of the Executive. It has now become "hybrid", part central agency, part operating department, a situation which makes it impossible for it to be seen as providing independent, program-neutral advice to Cabinet. To cite another example, the Department of the Executive houses a mixed collection of dissimilar units, some of which serve Cabinet but others of which have entirely unrelated functions. It is not at all clear therefore whether a unit's location in the Executive signifies it as part of the Cabinet machinery or simply an inability to locate it elsewhere.

4. Poor relationships between central agencies and line departments.

   There are poor relationships been central agencies and operating departments and there is insufficient mutual respect for each other's roles. There is very little movement back and forth between central agencies and operating departments. When central agencies recruit for staff positions, there are virtually no applications from within the GNWT.

   This problem, however, is symptomatic of a deeper problem within the GNWT. There is very little movement at the senior levels even between operating departments. As a consequence, the attachments that develop are directed to that particular department rather than the government. Many levels of the GNWT seem to lack a shared vision of the future, clear direction, and a sense of unity of working toward a common goal. Departmental interests are seen as a higher priority than the interests of the government, and there is very under-developed sense of "one-government".

5. The business of Cabinet is not well-managed.

   The Ministers in Cabinet have, in effect, formed themselves into six separate committees, which means that many items of business are reviewed over and over. Rather than dealing efficiently with business, matters tend to be referred back and forth; 90 - item agendas are not uncommon, with many of these items being small details or repeat matters of business.

   The process of decision-making is costly, complicated, and time-consuming.

In short, the Project Group has concluded that the existing plan of central machinery does not serve an evolving Cabinet function as strongly as it should. There is no clear and well-defined sense of what the central machinery includes, and what the relationships are between Cabinet, its central machinery, and operating departments.

There is an insufficient locus of power and discipline within the bureaucracy, which means that the direction provided to operating departments is far too weak. Support to Cabinet is being provided by too many scattered secretariats, which are moving in different, even conflicting directions. Resources are too fragmented and the central secretariats do not have the capacity to provide Cabinet with hard and precise information on program costs. Cabinet's time is being fractured by reviewing too much detail and reviewing the same material too many times.

To overcome these problems, the Project Group believes there is a urgent need for change in at least three areas:

- the central machinery should be re-designed into a clear and understandable four-part plan, the four components of which would be: The Department of Finance, the Financial Management Board Secretariat, the Cabinet Secretariat, and the Office of the

Government Leader each served by a separate senior manager. All the needs of Cabinet and its sub-committees should be served by these four agencies.

- there needs to be a conscious effort to rotate senior staff more frequently between central agencies and operating departments;
- the business of Cabinet, and the rules of process by which decisions are made, needs to be streamlined and more strictly adhered to.

B. A NEW FOUR-PART PLAN OF ORGANIZATION

The proposed "Four Part" model is shown in Figure 14. Each of the four parts of the recommended new structure is described in broad outline below. The following is not a detailed description of the four components, simply a brief description of their respective roles and relationships.

Department of Finance

The Department of Finance would continue to house the functions of fiscal policy, the comptrollership, and federal-territorial financial relations. Over the next few years, this last function will require a major emphasis. It is important for both Finance and operating departments to understand the elements and nuances of the Formula Funding Arrangement which provides the bulk of Northwest Territories revenue and which often impacts program decision-making, sometimes perversely. (See Part IV of this Report for a discussion of the impact of the Formula Funding Agreement on program funding).

Financial Management Board (FMB)

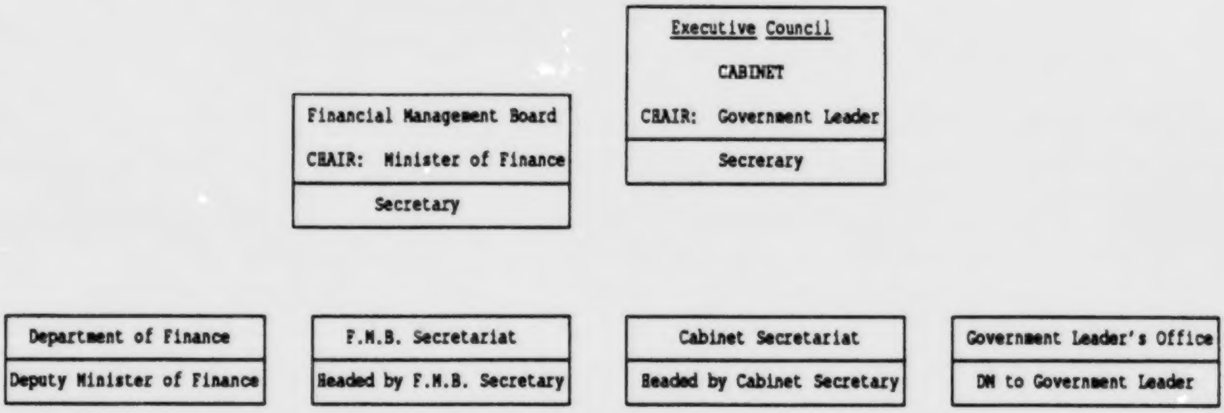
Management of the financial and administrative affairs of the GNWT would remain the responsibility of the Financial Management Board, chaired by the Minister of Finance and served by the Financial Management Board Secretariat.

The FMB as a "Treasury Board" would have ultimate responsibility to ensure that limited resources are managed in a responsible and efficient manner. The capacity of the Secretariat to provide the FMB with detailed cost information and to evaluate programs and management performance should be greatly strengthened. The FMB Secretary should report directly to the Chairman of the FMB.

The Financial Management Board should focus on strategic planning and direction of the three principal resources of Government: its financial, human and information resources. Collective bargaining, classification, organizational design, and information technology management, all of which have enormous financial consequences, should become part of the FMBS responsibility.

FIGURE 14

A General Plan of Central Authority


Executive Council
CABINET
CHAIR: Government Leader
Secretary
Financial Management Board
CHAIR: Minister of Finance
Secretary
Department of Finance
Deputy Minister of Finance
F.M.B. Secretariat
Headed by F.M.B. Secretary
Cabinet Secretariat
Headed by Cabinet Secretary
Government Leader's Office
DM to Government Leader

To help the FMB exercise a responsibility to continually assess administration and financial performance, the Audit Bureau should become part of the FMB Secretariat. It is further proposed that the Audit Bureau be strengthened in its capacity to undertake comprehensive audits (operation or value-for-money audits) and special audits, in addition to its current program. Special operational audits should become a feature of the Bureau's work.

As well, an Audit Review Committee (ARC), chaired by the Secretary to the FMB, and composed of the Comptroller General, the Deputy Minister to the Government Leader and two department Deputy Ministers rotated every three years, should be established. The ARC would meet five or six times a year to assign, scope and review regular audits and any special operational audits which it has asked the Audit Bureau to undertake.

Deputy Minister to the Government Leader

As head of the GNWT, the Government Leader should be assisted in the special responsibilities of that office by a senior-level Deputy Minister, who is also Principal Secretary. This DM should also be responsible for House Planning, the Press Office and Intergovernmental Affairs.

Of special importance in the future is the question of the Government Leader's primary role in the appointment, evaluation and rotation of Deputy Ministers. This role should be strengthened and rotation of Deputy Ministers should become a more common practice. The GNWT should rotate senior executives more frequently as a way of developing a more unified approach to the conduct of GNWT business. Unity of management must be stressed - collective Cabinet authority must be strongly emphasized in the future, and must take precedence over the authority of individual departments. Similarly, both the departments and central agencies must understand each other's role; there is a need to develop a deeper mutual appreciation of the central and operating perspectives. One way to expedite this is to rotate senior managers regularly from the central machinery to departments and vice versa.

In assisting the Government Leader to carry out his or her responsibility in the appointment, movement and evaluation of deputy ministers, the Deputy Minister to the Government Leader should consult closely with the Secretary to Cabinet and Secretary to the FMB.

There is a need within the GNWT for deputy ministers to see themselves as members of one team; to perform in a manner consistent with the interests of the Government as a whole, and to be rewarded very much on that basis. Responsibility for promotion of this objective rests primarily with the Government Leader and the deputy to that office.

Cabinet Secretariat

The Cabinet Secretary and the Cabinet Secretariat should be dedicated to the service of the collective Cabinet. The Secretary to the Cabinet would be the senior civil servant responsible for ensuring that all Departments understand the collective will of Cabinet. The Cabinet Secretary must also take action to clear up any differences or misunderstandings about interpretation of a Cabinet decision which might arise between a Deputy Minister and his or her Minister, between two or more Deputies, or between Ministers. This is a highly sensitive and critical role.

The Cabinet Secretariat should collect and house, in one location, all Cabinet support staff. Rather than a number of small secretariats, an enlarged Cabinet Secretariat should provide support to Cabinet and **all sub-committees of Cabinet** which may be created (except FMB). Whether Cabinet chooses to consider matters directly or delegate them to a permanent or special sub-committee for review and recommendation, the Cabinet Secretariat should provide support to this decision-making process. The Cabinet Secretariat should also provide a unique talent pool for the GNWT, and should be used more frequently to accommodate senior level personnel attached to high-priority, temporary assignments. The Cabinet Secretariat would also house the "Implementation Group" for the Community Transfer Program.

In the case of the Regional Directors, the RDs are an essential information link between the central agencies, and the field level where programs and services are delivered. These positions should be retained and strengthened for their coordinating and on-site evaluation roles, and should report to the Cabinet Secretary, rather than to the Government Leader. (See also Chapter 4).

Managing The Business of Cabinet: Crowded Agendas And End Runs

In addition to a new and stronger "structure" of central authority, the Project Group also believes there is a need to tighten the "process" by which Cabinet business is managed.

In some cases, proper process is not being followed. For example, when a Minister wishes to engage in a new initiative that Minister is required to prepare an "options paper" outlining what is proposed and why. The options paper is reviewed by Priorities and Planning Committee for legal, policy and priority considerations, the best option is decided and the paper is returned for further workup. The selected option is again reviewed by Priorities and Planning Committee and then the paper is sent to Cabinet for a decision. If Cabinet agrees that the submission is in the best interests of the Government, the decision is passed to the FMB to determine the financial impact of the decision. Conversely, if the Cabinet disagrees, then the submission is rejected.

Such a process needs to be followed **explicitly** in order to ensure that the proper reviews are carried out prior to submissions appearing before Cabinet. In many instances, "end runs" or "walk-ins" to the Cabinet meetings are bypassing the review processes and decisions are being made with little or no consideration of the policy, priority or resource (finance, material, human) impact on the decision.

Additionally, a review of the agendas of Cabinet sub-committees indicates that some of the items are considered many times by the Ministers sitting on separate committees, while others concern matters that might be more expeditiously handled by the departments. The level of detail in some of the items discussed would be more appropriately dealt with by managers in departments, under broad policy direction approved by the Cabinet. As an added frustration, agenda items are appearing at Cabinet meetings that are simple housekeeping items and should have been handled by the bureaucracy at the outset. Items of this kind, especially when they crowd out more important issues, erode the integrity and effectiveness of the Cabinet decision-making process.

To curb these problems the Project Group believes there is a need to:

- empower the Secretary to the Cabinet to screen, vet and manage the agenda of the Cabinet and its sub-committees under the direction of the Government Leader;
- eliminate the "end runs" to Cabinet and its sub-committees which bypass the appropriate screening and review processes.

Conclusion

The ability of an organization to achieve its goals and objectives depends, in the final analysis, on the effectiveness of its organization for decision-making.

The development of unified Cabinet authority served by a more powerful central machinery, is absolutely essential in order to contain costs. The plans and proposals of separate departments must be marshalled in the same direction and monitored carefully. Strengthening the roles of the central machinery is a critical first step towards making the GNWT operate more efficiently, and obtaining better value from resources.

Accordingly, the first and most essential step in the restructuring of the GNWT is to rebuild the key parts of the central machinery. This is a primary element in achieving the benefits from consolidating the various departments, and means rearranging some of the reporting relationships, reducing the number of secretariats, and providing the analytical and administrative support required to ensure the dominion of the collective will of the Cabinet. A four-part plan of central machinery is recommended, including the Department of Finance, Financial Management Board Secretariat, a Cabinet Secretariat, and the Office of the Government Leader.

The central machinery of government, the staff to the key Cabinet committees, needs to be sufficiently empowered to be effective. These are the most important staff groups in the government. They serve the collective Cabinet responsibility and work to ensure that Cabinet priorities are paramount. They are the personnel who must help Cabinet, **preserve fiscal integrity**. This requires power and discipline in relation to departmental staffs. These secretariats must be highly capable. The very best public servants must occupy positions of leadership in these secretariats and they must have the confidence of Cabinet as a whole.

At the same time, to be efficient, operating departments must be given more freedom to manage their resources and responsibilities, within a framework of clear central Cabinet direction, without detailed intervention by the FMBS or Cabinet Secretariat. A stronger central machinery which facilitates clear Cabinet-determined general goals and policies, must be extremely sensitive to the needs of Departmental administration. Without freedom to manage, operating departments cannot be efficient. Without efficient operating departments the GNWT cannot succeed.

PART III: SERVICE DELIVERY

CHAPTER 7: INTRODUCTION

The GNWT is currently organized into 17 departments and has also established a number of agencies including the Northwest Territories Power Corporation, the Northwest Territories Development Corporation and the Northwest Territories Business Credit Corporation. Approximately half of these departments and corporations provide services to other departments or other levels of government or the public at large. The terms of reference directed that the review be limited to the following service delivery components:

- Service Department Structure
- Asset Maintenance (Systems and Procedures)
- Personnel Management (Systems and Procedures)
- Capital Project Standards, Management and Delivery

Subsequent reviews with the FMB resulted in sharpening the focus to those issues featured in this part of the Report - leading to the identification of opportunities for cost containment in the following:

Chapter 8: Service Department Structure
Chapter 9: Personnel Management
Chapter 10: Capital Projects and Asset Maintenance Management
Chapter 11: Energy Supply and Demand in the Northwest Territories - a case for containing costs

The research and analysis conducted by the Project Group resulted in the identification of numerous opportunities that could result in significant cost savings for government. These potential opportunities are described in the following sections.

CHAPTER 8: SERVICE DEPARTMENT STRUCTURE

A. GENERAL OBSERVATIONS

The following departments and agencies provide services to either other government departments or the public at large: Public Works, Government Services, Transportation, Northwest Territories Housing Corporation, parts of the Department of Finance (Accounting Services), Personnel, Justice (Legal Services), and Culture and Communications (Printing Services).

This GNWT "service" department structure is reflective of the federal and some provincial government structures. In addition to providing services, the service structure has been assigned, from time to time, some policy and regulatory development and central functions.

The Project Group, in the course of its review, made the following general observations.

- The optimum number of departments, required to provide cost-effective service, will vary depending on the number of citizens and communities served and the range of services provided. What makes sense for the federal Government or larger provinces, does not necessarily make sense for a jurisdiction of 55,000 persons. Newfoundland, Yukon and some of the smaller provinces have fewer service departments than does the GNWT.
- Each department has its own management and administration at the headquarters and at the regional or area level. In addition, they have supervisory personnel in many of the communities. By consolidating two or more departments, it will be possible to reduce some of the management and administrative staff.
- The acquisition of goods and services, in many cases, is more complicated and time consuming than it need be. For example, departments requiring equipment develop the specifications, then must utilize the services of a buyer in the purchasing agency (another department) who frequently is not familiar with the equipment and must depend on the user to inspect or verify conformance to specifications. The integration of supply services, vehicle management and contract tendering within a single service department would serve to streamline the operation, reduce costs and provide for greater job satisfaction.
- Similar opportunities exist for integration of engineering design and drafting services, project management and contract supervision, maintenance management and field maintenance, staffing and personnel and planning functions.
- The Petroleum Products division of Government Services should be combined with the Northwest Territories Power Corporation, resulting in joint-use of tankage, facilities, inventories, management and supervision. This would facilitate additional economies and cost recoveries.

- There is some evidence that the service departments have assumed too much in the way of pre-emptive control responsibility - at the expense of providing least-cost service to clients. A strengthening of the client-service department relationship utilizing a "marketing" orientation is suggested. In addition, a strengthening of service department accountability to Cabinet is required.

More specifically, the Project Group recommends considering the following:

- The Northwest Territories Power Corporation assuming responsibility for the distribution of petroleum products.
- Consolidating related classes of service (i.e. project management, engineering and design, etc.).
- Further shifting of pre-emptive controls to accountability controls wherever possible.
- Strengthening the client-service orientation of service departments through more of a "marketing" approach.

B. SUPPORT SERVICES

The Project Group, in the course of its review, made the following general observations:

- Regional/Area Finance offices require over 40 PYs, however, departments at the regional level have, almost without exception, their own Finance and Administration capability;
- Delegation of staffing and employee services from the Department of Personnel to departments would be in keeping with the theme of enabling managers to control the factors that affect their performance;
- The dramatic growth in the use and application of microcomputers and high degree of interaction between "mainframe" systems and microcomputer systems has occurred in the absence of an information management strategic framework.

More specifically, the Project Group recommends considering the following:

- Delegating payment authority to departments in the regions.
- Delegating staffing and employee services functions to departments and consolidating corporate human resources functions in an expanded Financial Management Board Secretariat.
- Locating central administration of employee benefits in the payroll section, and transferring the employee counselling component of Personnel to the Advanced Education division of the Department of Education.
- Establishing a Corporate Information Systems Division within the FMBS to develop an information policy and strategic framework, linking current use of technology and information needs of the various levels of GNWT management.

CHAPTER 9: PERSONNEL MANAGEMENT

A. GENERAL OBSERVATIONS

Salaries and employee benefits account for one-third of the GNWT's annual expenditures (approximately $350 millions).

Maintaining a highly motivated, well trained and productive public service is the greatest single thing the GNWT could do to contain costs and provide good value to the people they serve. It won't happen on its own however; but requires a long term commitment at the top - legislators and senior management - to make it happen.

The Project Group, in the course of its review, made the following general observations.

- The expectations that government has of its departments, need to be clearly enunciated. In turn, departments need to identify how best to achieve these expectations, including an assessment of current human resource strengths and weaknesses and how future human resource requirements will be met. All this must be brought together in a government-wide human resource strategic plan and its related programs;
- Budgets for employee recruitment and certain benefits are located in the Department of Personnel resulting in loss of departmental accountability;
- There is a lack of a coherent training and development approach across government. Succession planning and career planning are informal, at best;
- The GNWT has relied very heavily, since its inception, on drawing technical and professional human resources from southern Canada. Salary and benefit levels, while nominally high by southern standards, are driven by the need to attract required resources and the higher living costs in the north;
- Non-native Northwest Territories residents in the labour force are almost all employed. Aboriginal residents, on the other hand, are disproportionately unemployed. One of the greatest challenges facing the GNWT over the next decade, is to address this situation **head on**; by developing a more **home-grown public service**;
- In the long term, a more home-grown public service will result in better value for dollars expended (the subject of this Report) through reduced hiring costs and their knowledge and understanding of the territory and its people;
- The GNWT can, without difficulty, identify its needs for teachers, nurses, heavy equipment operators, managers, and professionals well into the future. Development of educational and training programs, innovative marketing and scholarship programs designed to attract and stream candidates while in elementary and high school are needed to make it happen.

More specifically, the Project Group recommends considering the following:

- Charging the Human Resources Division of an expanded FMBS, with developing an overall framework for strategic human resource planning and development. The framework should include objectives, processes, criteria and management accountability guidelines. All training and development expenditures should be directly related to this strategy.
- Locating budgets for staffing and maintaining positions in the employing departments.
- Ensuring greater movement (through career planning or assignments) between regions and headquarters, central agencies and line departments.
- Strengthening links between current performance and compensation.
- Ensuring that compensation mixes are in the form most desired by, and most likely to motivate employees.

The Project Group, early in the course of its review, realized that communities and the community representatives participating in the Project Group held strong views and perceptions on the subject of Affirmative Action and a representative public service. It was felt critical that these views and perceptions be expressed. The following section presents this analysis and perspective.

B. A HOME-GROWN PUBLIC SERVICE

This section will deal specifically with a discussion of possible means of increasing the number of indigenous aboriginal northerners (IAN) in the public service. It does not address all target areas of the Affirmative Action Policy (AAP). It is also worthwhile to note that a more statistical approach to this discussion would have been desirable but much of this information is not readily available.

Introduction

The GNWT public service has grown from a plane load in 1967 to approximately 6,200 today (including boards and agencies). This phenomenal growth in the size of the bureaucracy is indicative of the increased authority and responsibility handed down from the federal government to the GNWT.

Although the majority of the 55,000 residents of the Northwest Territories are aboriginal and a majority of the Legislative Assembly are aboriginal, this is not so for the public service. The size of the bureaucracy has grown dramatically over the years; however, the aboriginal component has not increased proportionately.

The GNWT has recognized this shortfall and over the years has attempted to increase the number of northerners in the public service. Generally, their attempts have lacked success in attracting significant number of aboriginal northerners to the public service. Also inherent from earlier government experience and an inhibiting factor that prevented too much interest by aboriginal northerners was the instilled attitude that "government is here to look after us." As residents became more educated, however, interest increased and more residents attempted to join the public service. Their initial opportunities were limited to community positions such as DPW maintenance and Social Services workers. It should be noted that community workers have carried out these functions with a high degree of proficiency. As the bureaucracy continued to grow, however, numbers increased in the regional centres and headquarters while the predominantly northern community workforce remained constant.

In 1986, the GNWT implemented an AAP which targeted aboriginal employment in the public service. This was an initiative backed by a government policy which gave qualified aboriginal northerners first chance at government positions. The AAP was expanded in 1989 to include, in addition to indigenous aboriginal persons, resident women, resident disabled persons and indigenous non-aboriginal persons. Under the expanded policy, the statistics look great for the government but they are distorted in the sense that the primary target group is not increasing proportionate to the rest of the public service.

Key Issues

The following issues demonstrate a need to assess the GNWT's performance with respect to aboriginal numbers in the public service. Communities perceive the government to be lacking in initiative and commitment to develop achievable goals and the following reasons reinforce their perception:

- amount of dollars spent on southern hire;
- under-representation of IAN in the public service;
- the failure of government's Affirmative Action Policy for aboriginal residents;
- lack of qualified aboriginal candidates;
- community perception of government;
- high staff turnover and an immobile community workforce.

Challenges

To address these key issues the following challenges have to be met:

- reduce southern hire costs, through "home-grown" hiring approach;
- develop better Affirmative Action programs;
- improved education systems at all levels to develop a pool of qualified people;
- design more flexible approaches to employment;
- change community perception of the GNWT.

Background and Findings

In discussions with government bureaucrats, individual affirmative action employees and community residents, it becomes evident that the AAP is not meeting their expectations. Community residents expressed frustration with the inadequacies inherent in the system that prevent residents from joining the public service. Public servants who obtained their position as a result of qualifying under the AAP are not provided with guidance and/or moral support to do a good job; in other instances, employees were put into positions that they were incapable of handling. In both cases, employees became discouraged and quit. There is no attempt to make these new employees a "part of the team". Rather, they were left to fend for themselves in an uncaring environment.

Other factors identified by community residents and the Executive Director of the Inuit Cultural Institute are that IAN lack a sense of motivation to succeed, have low self esteem levels and are in a constant identity struggle. Native people have been thrust into the 20th century with no real time to adapt to the phenomenal changes in their lives and this transition is constantly impacting on their lives and their ability to succeed in the present day. ICI said that the GNWT and especially the educational system does not recognize this and no efforts are made to design programs that might recognize the problem and come up with innovative solutions. ICI pointed out that our greatest asset, our elders, are not being used in the education of children and the education of transient southern workers.

The greatest problem preventing northerners from entering the labour force was identified as being low educational levels. The educational system is not producing enough graduates and there are far too few that pursue secondary education. Aboriginal children lack the motivation to succeed resulting in failure in the white man's world and also failure in his own traditional world.

Finally, community residents expressed frustration with how they perceive the bureaucracy to be lacking a commitment to the north and that they were here for the money and only the money! Their perception is that some bureaucrats feel threatened by energetic northerners as they pose a threat to job security. A more fundamental problem, however, is an overbearing bureaucracy whose attitudes pose a major barrier to attracting IAN into the public service.

Assessment of Findings and Discussion of Implementation Options

The general consensus among community residents was that it is in the government's best interest to increase the number of northerners in the public service. In the long term, it would save the GNWT money as their dependence on costly southern recruitment would lessen. The GNWT has to take inventory of the public service, determine the areas of greatest need, design innovative training programs and staff those positions with northerners.

Arctic College has many successful training programs; namely Renewable Resource Management, Social Services Training, Community Administration, Community Recreation Leadership, Secretarial Arts, Heavy Equipment Operator, Housing Maintenance and (to a lesser degree) Teacher Education Program. These diploma courses have provided the training and on-the-job experience necessary to staff most community positions with qualified northerners and communities dependence on southern recruitment is minimal. However, there is a need for more northern teachers and an aggressive campaign has to be mounted to attract more northerners into that field. The government has done a very commendable job in providing the communities with the necessary training to ensure that qualified local people hold all local positions. The emphasis should now be focused on providing innovative training programs for government positions. It makes sense that training initiatives that have a demonstrated success for communities should now be geared to providing training for government positions such as program officers, project officers/managers, management training geared to superintendent level positions, economic development officer training, personnel management training, community planning, etc. Resources only need to be re-directed from those existing programs that may no longer be required (e.g. Renewable Resources). If government were to do some innovative planning in the area of training northerners for specific needs, more jobs would be filled by qualified northerners.

Life skills have to be introduced into the school system and become a compulsory component of the daily curriculum. Life skills should include self esteem building, drug and alcohol awareness, cultural enhancement, etc. The use of local elders to assist in the delivery of such programs would be mandatory. The outcome would be a student who is self confident, proud of his identity and motivated to succeed in today's world. A successful example to illustrate this point is the Inuvialuit Drummers and Dancers program. When Inuvialuit elders began teaching drumming and dancing in late 1990, interest mushroomed in all age groups and for the first time a sense of intense cultural pride was experienced by all Inuvialuit. The key to success in educating our youth is a strong pride in one's self and one's culture.

Community residents also expressed concern over the low number of graduates from territorial schools. A concerted effort by education boards, government and parents must be made to combat this problem. Innovative "stay in school" programs have to be developed and implemented to keep students in school to complete grade 12. There should be attempts to further instill cultural values into the education system; to equate culture and heritage with literacy and education. This may require a renewed effort to get more northern curriculum into the schools. If young people identify with the programs in the educational institutions, chances are that they will stay longer and graduate. In addition, during the current economic downturn in the Northwest Territories, efforts have to be made to bring adults back to school to complete grade 12. Utilizing CEIC funds, many young adults could achieve their grade 12 in two or three years making them qualified for an entry level position with the GNWT.

There is no indication that the Government has ever considered any innovative approaches to work schedules. Oil companies in the Beaufort pioneered this approach in the mid-1970's and it proved to be a success. Essentially, it involved a flexible work schedule that allowed for extended periods of time off throughout the year during traditional harvesting periods. Not only did this provide for the pursuit of traditional hunting and trapping by the employee but it also created a casual term position for another person. This job sharing arrangement worked very well.

Innovative approaches can also be used for seasonal construction projects. The NWTHC participated in demonstration projects in four communities in the past five years where local workers were hired, provided with training by journeyman carpenters and constructed housing units. The projects were considered a success because they were within budget, provided for maximum local involvement, taught building skills and most importantly demonstrated that given the proper resources, communities can build their own houses. The only "outside" workers were the carpenter supervisor and the tradesmen for mechanical and electrical. The biggest benefit was that wages earned stayed in the communities, local businesses were supported and residents were involved in improving their communities.

Communities view the GNWT as a large white government far removed from them. This preoccupation with big government makes it difficult for community members to comprehend what government does and who makes it up. To address this misconception, government must make a concerted effort to educate communities about the GNWT, its programs and services, and more specifically, that approximately one third of the public service is aboriginal. This educational process might help to make government more accessible to community residents and less foreign to them. With increased responsibilities transferred to community governments, these perceptions will change and residents will have a better understanding and appreciation for the GNWT.

Community residents are not mobile and as a result there are high unemployment levels in smaller communities. There are qualified northerners who are chronically unemployed because they will not leave their home community. Government recognizes this problem but has not come up with any innovative approach to deal with the problem. An option to consider to employ more community residents is job sharing using a fly-in-fly-out rotational work schedule. Oil companies in the Beaufort use this rotational system and community residents have adapted readily to working this way. As well, mining companies like Echo Bay at Contwayto Lake fly crews on rotation in and out of Coppermine.

The onus is on the government to come up with innovative solutions to increase northern employment. A good start would be to do a complete human resource inventory; to assess where training programs are required and feasible to train northerners and to design and implement such training programs. Arctic college should work cooperatively with government to plan required courses from needs demonstrated in the ENTER.

Many recommendations have been made in past government reports and studies that addressed means of increasing aboriginal numbers in the public service. There has been some attempts to achieve results but generally these attempts have been unsuccessful and not aggressively pursued. The following recommendations, if actively pursued by community residents, should result in improvements in numbers of IAN in the public service. As well, community residents would be taking an active and contributing role in determining their future. Some of the recommendations from prior reports are outlined below:

- Implement into the educational system a culture based life skills component using elders as role models. Life skills should concentrate on self esteem, cultural pride, motivation and for high school, job development/pre-employment training.
- Increase funded adult education seats in all communities to enable adults to actively pursue higher academic standards. Life skills should be a vital component of adult upgrading.
- Expand "in service" training programs for those qualified northerners who wish to seek a career in the public service. Ensure that jobs are not "over classified" for community residents.
- Innovative work schedules/job sharing should be introduced to draw qualified residents from the communities into regional centres and headquarters. Schedules should recognize and allow for the continued pursuit of traditional activities.
- A mentoring/tutoring program should be developed and implemented by local education councils to provide guidance, support and motivation to students to complete their education (e.g. Inuvialuit Tutoring Program).
- Government, construction companies and communities should continue to work cooperatively to ensure that construction projects provide maximum benefits to communities. As demonstrated by the Rae Lakes airport project and NWTHC Demonstration Projects, the success lies in adding a training component to the project which enables local residents to gain skills for future activities. Additionally, most financial benefits stay in the community to support the local and northern economy.

These previously documented recommendations, if followed through to fruition, would greatly enhance community residents' employability with the GNWT and make them better prepared to become equal and meaningful participants in the developing north.

Following are examples of short, medium, and long term training opportunities that could provide qualified employees to the GNWT. Government should set targets on each area of need, provide the best educational opportunities, and most importantly, provide a support system that would ensure success.

Significant Opportunities for Progress
(In Addition to Other Worthwhile Initiatives Currently Undertaken)

Example Initiative **1. Short Term**	**Objective**	**GNWT Action**	**Results**
Community Construction Projects	- to maximize the numbers of local construction jobs - target 20 communities with 10 jobs per community - produce one qualified construction Foreman/Supt. per community every five years - to develop skilled and semi skilled construction workers	- build on NWTHC and DPW construction projects utilizing a qualified construction manager in each community - provide training programs to develop appropriate skills - provide incentives to complete training program	- a community inventory of skilled and semi skilled construction workers - a feeling of having contributed to the well being of the community - personal growth and development of healthy work habits - less dependence on transient workers - a qualified superintendent in every community
2. Medium Term	**Objective**	**GNWT Action**	**Results**
Teachers	- to generate 25 TEP graduates/ year in the Northwest Territories by 1995/96 - to produce 10 BED teachers a year by 1995/96 - to increase the number of Northwest Territories high school graduates by 25% by 1995/96	- to initiate an aggressive campaign in Northwest Territories high schools to recruit teacher trainees (using role models) - to encourage and require Teachers in Training to obtain an Northwest Territories teacher certificate - to provide training courses to Teachers in Training in various locations other than the main campuses - GNWT to make this a priority in educational planning	- better representation of native teachers in Northwest Territories schools - less dependence on southern recruitment - a sense of ownership and pride in the community education system - more culturally relevant education

3. Long Term	Objective	GNWT Action	Results
Management Development	- to generate 10 university graduates per year in management by the year 2000 - to provide trained leadership for the Northwest Territories	- initiate an aggressive campaign in Northwest Territories high schools to recruit and support university management trainees - provide incentives such as summer employment and experience - provide public recognition to students and graduates as potential future leaders of the Northwest Territories - continually nurture potential management material for success - utilize cultural components in management training	- increased representation of IAN in Senior Management and GNWT leadership - "made-in-the-north" government - pride and ownership in government resulting in more effective delivery of programs and services - less dependence on southern recruitment

Conclusions and Recommendations

The government has made much progress since 1967 to employ northerners in the public service and some unique training programs have had very good success. The opportunity and challenge is to now capitalize on the successful programs using innovative and dynamic approaches to plan for the future. Clearly, the goal is to increase the northern content of government by addressing the barriers that prevent a successful transition from the communities, through the educational system and into a career with the GNWT. Government should look at how native organizations, such as the Inuvialuit Regional Corporation, have implemented successful strategies to recruit, train and maintain high numbers of aboriginal residents in the workforce. Highly visible in IRC is a sense of pride and ownership and employees display a sense of confidence working in a healthy environment. The GNWT should strive to achieve similar results.

More specifically, the Project Group recommends considering the following:

- Linking affirmative action initiatives with school programs.
- Identifying the "main chances" for **significantly** improving short, medium and long term participation of aboriginal northerners in the public service. Establish long term objectives, allocate resources and assign Ministerial responsibilities and accountabilities for making it happen.

CHAPTER 10: CAPITAL PROJECTS AND ASSET MAINTENANCE MANAGEMENT

The capital program managed by government service departments in 1991-92 is expected to be $190 million in value, including the CMHC housing component. The annual related Operational and Maintenance outlay is in the same order of magnitude. Current asset replacement value is estimated to be in the vicinity of $2 billion. As the asset base grows, long term O&M costs associated with these assets continue to increase accordingly.

The service departments assigned responsibility for managing these activities act as the **owner's representative**, performing the important functions of **project** and **property** management.

There are four categories of cost-containment opportunity available to the government and those departments involved in building and maintaining public facilities:

- capital planning (program and project definition);
- project design;
- construction;
- operations and maintenance.

The strengthening of client-service department relationships and accountability to Cabinet, should focus on these cost-containment opportunities - identifying what the service departments and their client departments intend to do to obtain better value for public expenditures.

The Project Group, in the course of its review, made the following general observations.

- Considerable progress has been made in providing basic infrastructure to the towns and hamlets of this vast northern territory - approaching that enjoyed by similar-sized communities in southern Canada;
- Legislators, government officials and community leaders are less than satisfied with the current capital planning process. A capital allocation strategy employing the "envelope approach" was employed in 1990-91 which could serve to help in priorizing the use of scarce capital dollars, over time;
- As basic needs are satisfied and brought up to southern Canadian standards, there is more potential for community input and decision-making regarding "discretionary" public infrastructure;
- Capital (funding) allocated through the "department" structure can result in overspending in some areas and underspending in others from a community perspective. Greater local control of limited funds would tend to minimize this.

Specifically, the Project Group recommends considering the following:

Changing the Capital Planning process to:

- Make the government's approach to a community more cohesive, i.e. one point of contact;
- Establish a partnership where-in the community has greater choice within a block of funding, and the government provides advice, guidance, and delivery services in preserving its long term interests;
- Allow communities to mix capital and O&M;
- Establish three year (minimum) capital thrusts, and discipline (i.e. minimize changes);
- Avoid GNWT capital projects being more lavish than projects approved through community block funding;
- Maximize communities' ability to contribute through revisions to the Municipal Capital Assistance Policy.

Establishing a cost and benefit methodology for reviewing and updating capital standards and criteria.

Requiring examination of other options, such as joint use of existing facilities, in approving infrastructure requirements.

Revising the (long term) Capital Needs Assessment to reflect changes to the capital standards and criteria, and integrate into the capital planning process.

In approving projects, observing the requirement for scheduling to allow proper planning and coordination of all activities, including preparing local resources for training and employment.

A. PROJECT DESIGN

- There is a perception that design standards for certain GNWT facilities are too rich, or that inappropriate selection of equipment (for northern, remote locations) is being made. While this may have occurred in the past, the development and maintenance of a professional cadre of in-house and consultant expertise with northern experience will serve to contain problems in the future. Greater collaboration between the service department and their client departments in addressing "how" future life-time costs of facilities can be reduced or contained, will overcome many of these perceptions;
- The Northwest Territories Housing Corporation is currently examining ways to reduce construction costs by $10,000 per unit. They will be challenging their current design approaches to mechanical systems and building envelopes amongst others, to find less costly solutions to meet current requirements;

- Considerable progress has been made in standardizing design for elementary schools. Since 1985, 17 schools have been built and an estimated $5 million has been saved through use of this standardized design;
- As programs and designs become more standardized each repeat project will require less design effort and expertise (and less reliance on outside consultants).

More specifically, the Project Group recommends considering the following:

- Encouraging service departments to examine design standards, reducing them where possible, and to maintain or improve life-time cost economies.
- Encouraging program departments to revise standards and criteria to facilitate design standardization.
- Continuing to make cost effective purchased vs in-house design decisions.

B. PROJECT MANAGEMENT

- Project managers must play an important **coordination** role; advising their clients (program managers) how their requirements can be met **and**, upon approval, manage the project through to completion;
- In assisting **program** managers to live within tighter funding envelopes, **project** managers must present options such as reducing program and design standards, leasing versus owning, or joint use of existing facilities, and identify long term cost and risk implications. In the absence of such a relationship some departments have chosen to proceed with capital projects on their own. This can result in costly mistakes and poor value for monies expended.

More specifically, the Project Group recommends considering the following:

- Strengthening the client-service orientation of service departments.
- Encouraging GNWT departments, boards, and agencies to utilize service departments for the management and/or design of capital projects - thus reducing the risk of costly mistakes.

C. CONSTRUCTION

- Construction is that part of the project cycle during which the bulk of expenditures are incurred. Problems experienced at this stage, however, are often the result of errors in judgement made during the earlier stages of the project. Thus, the capital planning, project planning and design stages are critical to ensuring a problem-free, efficient construction phase. Project managers are responsible for ensuring that the selected contractor delivers the project "on-spec" and "on-schedule"; construction inspection is critical so that the contractor does not bury his mistakes;

- The presence of a vital network of efficient and innovative suppliers, subcontractors and general contractors is paramount in delivering the GNWT's capital program in an economical manner. This, along with the openness of the tendering process, can have a significant impact on the costs of construction; perhaps by as much as twenty percent of project costs;
- Northern preference policies have no doubt been instrumental in fostering the location of contractor and supplier permanent offices premised in the north. There is no evidence that they have been instrumental in creating local jobs, since it is in the contractors interest to utilize local people who are interested and capable of working; thus avoiding the cost of bringing people in and paying living expenses. While a cursory review of recent awards indicate cost premiums may not have exceeded $1-$2 million in recent years, it could cost much more than this in future; with the recent enrichment of the program and the heating-up of the construction industry in southern Canada. There is no evidence that legislators have had the benefit of adequate cost and benefit analysis, prior to taking these decisions;
- Contractor bid prices seldom represent the total contractor billings for a project. For many reasons, contractors are authorized to undertake additional work or make changes during the course of construction. These "extra's" are minimized when scheduling allows proper planning and coordination to occur and complete and adequate plans, specifications and contractual documentation are utilized. "Extra" costs should be monitored by senior management as part of evaluating project management performance - and where significant cost overruns occur, action should be taken to address root problems.

More specifically, the Project Group recommends considering the following:

- Establishing adequate cost and benefit information, upon which legislators can make informed decisions relating to Business Incentive Policies. If found to be a wasteful drain on the public purse; change or phase out these policies.
- Establishing post-project reporting which identifies problems that may have contributed to inefficiencies and/or increased costs.

D. OPERATING AND MAINTENANCE

- The most direct way of reducing operating and maintenance costs is to dispose of all assets not providing a useful purpose;
- The GNWT is shifting, increasingly, to leased premises for certain types of space (offices, staff housing, etc.) where operating and maintenance of the facility is provided by the lessor;
- Current accountability for operations and maintenance of assets rests with service departments, with tenants/user departments having little or no responsibility for what it costs, even though they can influence utility usage, wear and tear, etc. "User-pay" or "User-know" with regard to operating and maintenance costs would provide for a healthier accountability for these costs;

- Failure to identify deficiencies at the completion of construction of a facility, can result in the owner picking up the costs in subsequent years. Not having clear operations and maintenance information for local staff to refer to, or more skilled resources to assist them from a distance (i.e. region or territorial Government), increases the costs of service and inefficiencies in operation. Final inspection with contractors and commissioning of facility (turning over to the client department) are essential steps in containing future O&M costs.

The Project Group recommends considering the following:

- Maintaining regular reporting of use and occupancy of assets
- Disposing of all surplus assets and consolidating tenancy to improve utilization levels.
- Challenging service departments to contain O&M unit cost (e.g. $\$1/m^2$) increases to less than inflation rate. Maintenance Management Systems should be made fully operational as soon as possible and utilized for reporting to senior management and to client/program departments the cost containment targets and results achieved.
- Establishing a self funding energy conservation program (ref. to Chapter 11 below).

CHAPTER 11: ENERGY SUPPLY AND DEMAND IN THE NORTHWEST TERRITORIES - A CASE FOR CONTAINING COSTS

In the Northwest Territories, people require more fuel and the cost of fuel is high in comparison to southern Canada. The same can be said for water and sewage disposal, which often costs more on an annual basis than fuel.

In the course of its review, the Project Group made the following observations:

- As a matter of policy, the GNWT provides subsidies to reduce the costs of fuel and utilities for many of its citizens and businesses. It has done this so well, in fact, that recipients of subsidies do not know what the real costs are - and therefore are less inclined to conserve;
- In addition to these subsidies, the government picks up the tab for capital and inventory carrying costs for petroleum products available to off-highway communities;
- In over forty communities, the Northwest Territories Power Corporation requires fuel for electrical generation, and in most of these communities it would be possible to share tankage and inventories with the Petroleum Products Division of Government;
- Current government funded buildings are designed to be energy efficient, although buildings over ten years old may not be. During the period 1980-83 DPW reported that energy conservation programs saved $11 million. Analysis and results of conservation activities since then are unavailable. The Northwest Territories Power Corporation and the two distributors have made a modest start on promoting energy conservation. Petroleum distributors and water utilities do not view promotion of conservation as part of their mandate;
- Most regulators (Public Utility Boards) in North America insist that utilities take a "least-cost" planning approach to their business. This means that utilities must treat demand side opportunities (e.g. conservation, waste heat utilization) with equivalency to supply side options (e.g. new electrical generation plant);

- Effective energy (and water) conservation programs include:

  i. information on "how" certain equipment (e.g. block heater timers, or low flow shower heads); building improvements (e.g. additional insulation, weather-stripping); or practices (e.g. move freezer outside in winter) can reduce demand on utilities.

ii. incentive for all stakeholders to participate in the program:

  - end user saving on electrical fuel and water bills;
  - utility saves by being able to delay construction of additional capacity (electrical operator, fuel tankage, etc.) or fuel;
  - societal savings by avoiding waste.

- Due to high usage and high costs, the Northwest Territories has an incentive to become a conserver society like no place else on earth. It is estimated that there is at least $5 million/year annual saving potential - based on a 5% reduction of the approximately $100 million annual societal expenditure (electricity, heating fuels and water);

- The characteristics of a successful conservation effort in the Northwest Territories will be:

  i. commitment by the GNWT to overall goals and assignment of responsibility for the initiative and development of overall strategy (DPW has carried this responsibility in the past; EM&PR is the more logical locus for this responsibility),
  ii. Least-cost energy planning adopted, and reinforced by the Public Utilities Board (PUB), as a way of life by electrical utilities including the off-highway fuel supply system. (Capture unique opportunity to integrate fuel supply and storage into the utility operation).
  iii. Consumers must have an incentive to reduce consumption. If subsidization is continued for some under the aegis of social policy, users should be provided with a monthly statement of actual consumption and costs, amount of subsidy and amount payable.
  iv. Within the overall umbrella of the lead agency (public information and advocacy role), responsibility for in-house GNWT programs would rest with the designated service department (currently DPW), while the utility suppliers would assume prime responsibility for public programs.
  v. Costs and benefits at all levels (by end user, program, department, utility, etc) must be tracked to ensure benefits out weigh the costs. A revolving-fund type of arrangement would permit future conservation programs to be financed by a portion of actual savings in utility bills.

More specifically the Project Group recommends considering the following:

- Having the Northwest Territories Power Corporation, upon assuming responsibility for the Petroleum Products division of Department of Government Services, implement full cost recovery of capital and inventory carrying costs ($12 - $15 million per year) and integrate diesel storage.
- Developing policy, strategy and programs to aggressively promote "least-cost supply" and conservation - under the auspices of EM&PR.
- Moving to "user-pay" wherever possible and otherwise to "user-know" policy.

PART IV: PROGRAMS AND PROGRAM DELIVERY

CHAPTER 12: INTRODUCTION

The subject of this part is programs and program delivery in the areas of Health, Social Services, Post-secondary Education and Legal Aid.

In the past, the government has made repeated commitments to provide social programs which contribute to the well-being of the north. Social and health services (including public housing) comprise almost one-third of the budget of the GNWT, and with the addition of education and justice programs, this percentage of the budget rises to one-half, or over $580 million dollars, excluding the costs of social programs reflected in service department budgets such as the cost of utilities and maintenance of facilities.

Throughout its work, the Project Group has been aware that the Northwest Territories is faced with severe social problems. Its population is young and growing rapidly, while a third of its workforce has an education level less than Grade nine. Residents of the Northwest Territories suffer from widespread unemployment and urgent social problems, such as alcohol abuse and family violence, which are symptomatic of rapid cultural change.

In spite of the government's recent attempts to create a public awareness of the need for restraint, the pressure to enhance existing programs and introduce new initiatives has not abated. The strength of this demand is readily demonstrated by the decisions made by the Legislative Assembly during the 1991 Budget Session. The Legislative Assembly approved numerous new social initiatives, including Northern training programs, alcohol and drug counselling, arts and crafts training and journalism training.

But, like provincial governments across Canada, the GNWT now faces an unprecedented gulf between soaring demands for program increases, and availability of resources. The GNWT cannot continue to increase the levels of service in social programs. In light of the anticipated funding restraints imposed by the federal government, this review of programs and program delivery recommends measures to assist the GNWT with the difficult task of reducing and controlling the cost of social programs.

CHAPTER 13: GENERAL FINDINGS AND RECOMMENDATIONS

In conducting the review of programs in the social envelope, some broad themes and trends were identified which have important implications for program delivery in the Northwest Territories in general, and for the government's ability to control costs while maintaining an acceptable level of services. These general observations are below, and some general recommendations made.

There are a number of significant broad factors which shape the development and delivery of programs in the Northwest Territories:

- the constraints of the Northwest Territories constitutional, legislative and financial framework;
- the expectations and attitudes about increasing levels of service;
- the tension between access and opportunity versus economy in determining levels of service;
- the evolving nature of the territorial government.

A. CONSTRAINTS OF THE NORTHWEST TERRITORIES CONSTITUTIONAL, LEGISLATIVE AND FINANCIAL FRAMEWORK

The GNWT is constrained in its flexibility to develop, implement, and control its social agenda both by the federal framework within which it operates, and by territorial legislation and policy. All governments are limited to a certain extent by a legislative and policy framework, but the GNWT's ability to make choices is constrained more than other jurisdictions, as illustrated below.

Constitutional and Legislative Framework

Like all other provincial and territorial governments, the GNWT is bound by the Constitution of Canada, which includes the restrictions of the newly proclaimed Charter of Rights. Because the Charter is not yet ten years old, its effect on social programs is not yet clear.

Because the Northwest Territories is not a province with separate constitutional status, but a creation of the federal government, the federal Northwest Territories Act is a second "constitution" of the Northwest Territories. It sets out the powers and limitations of the GNWT to enact its own laws. Naturally, the federal government has the legislative authority to change these powers and limitations, creating a constitutional "supremacy" over the Northwest Territories unlike the constitutional division of powers which exists between provinces and the federal Government.

Like provinces, there are numerous federal acts, such as the Young Offenders Act, the Canada Health Act, and the Vocational Rehabilitation of Disabled Persons Act which dictate standards and programs to the GNWT which are beyond its ability to change. In addition, unlike provinces, there are certain federal acts which govern territorial social programs but which have minor application in the provinces, for example, the Canada Labour Code.

The final and perhaps the most important element of this non-controllable framework is the set of federal obligations and programs which are collectively called "fiduciary obligations". These include programs delivered by Indian and Northern Affairs Canada (INAC), obligations under the Indian Act, and treaty obligations, land claims obligations, and "aboriginal" rights protected by the Constitution. It is not now, nor will it be in the near future, clear what the breadth and depth of these "fiduciary obligations" are. It is clear, however, that these are obligations which the GNWT cannot change or control.

Unlike the provinces, the federal government devolves programs and responsibilities from time to time to the GNWT. Several of such transfers have taken place in the guise of increasing the responsibility of the GNWT, but are now being **interpreted ex post facto** by the federal government as transfers of resources to deliver on the federal government's fiduciary obligations to native people. Examples of this include the Education devolution of the 1950s and the 1988 devolution of drug and alcohol rehabilitation programs.

Canada/Northwest Territories Financial Framework

Unlike the provinces, the GNWT receives more than 70% of its budget through a negotiated formula financing agreement with the federal government. Although over half of the remainder is raised through own-source revenues; much of it comes from other transfers from the federal government (e.g. cost-sharing agreements such as the Canada Assistance Plan, Young Offenders, Legal Aid, Vocational Rehabilitation of Disabled Persons and Established Program Funding). The lack of a tax base in the Northwest Territories precludes the government from raising significant revenue through taxes.

The formula financing agreement is a complex arrangement which guarantees the GNWT gross revenues equivalent to a base calculated some years ago. In some cases, the formula financing agreement may constrain the government's ability to achieve savings through negotiation of new cost-sharing arrangements with the federal government. This is a constraint which is not experienced by provincial governments.

Program specific cost-sharing agreements also constrain the government's freedom to introduce changes to levels of service or eligibility criteria, since under the terms of the agreement the government is required to provide certain services to certain categories of people.

GNWT Legislation and Policy

The GNWT is bound by its own legislation, and in some instances may be constrained from implementing certain restraint measures by existing legislation or regulations. For example, the **Student Financial Assistance Act** provides a legislated commitment to the provision of student financial assistance. Although it is the GNWT's jurisdiction to change legislation, such changes require consent of the Legislative Assembly, which may preclude the implementation of politically unpopular initiatives.

The government can introduce restraint measures through amendments to regulations, all of which can be changed without approval of the Legislative Assembly. For example, levels of social assistance support are established through regulations.

GNWT policies dictating program and service levels can be changed by Cabinet. For example, entitlements to supplementary health benefits are detailed in the Extended Health Benefits Policy, which was approved by and may be amended by Cabinet.

Cabinet is also bound by policies that are established by convention. As noted above, it is established and widely accepted practice to provide Metis, and sometimes non-aboriginal residents in some program areas, with benefit levels equivalent to those provided to status Dene and Inuit by the federal government. For example, in the student financial assistance program the same level of assistance is provided to all aboriginal students, which includes Metis. While this is arguably good social policy, it drives up the costs of social programs.

In conclusion, the GNWT's ability to make choices regarding program delivery is more limited than that of provincial governments, because of the added constraints imposed by the federal constitutional framework, the formula financing agreement, and the delivery on the federal government's behalf of programs to status Indians and Inuit based on the fiduciary relationship between status natives and Canada.

One consequence of these constraints is that the government may be forced to make decisions about program cuts or modifications which are not based solely on the identification of government priorities, but are based on what is within the government's authority to modify.

In order for the government to make choices about program reductions, therefore, a careful analysis of all GNWT programs and services to identify which are constrained and which are discretionary is required.

The GNWT classifies programs as "controllable", "semi-controllable", or "non-controllable". Decisions about program modification or restraint are based at least in part on this categorization. The classifications have not been revised since 1983. The Project Group disagrees with the semi-controllable category which blurs the distinction between programs that are statutory controllable and statutory non-controllable.

The government may wish to consider a new system for classifying programs, perhaps relying on the distinction between statutory non-controllable and statutory controllable programs which more accurately reflects their status.

B. EXPECTATIONS AND ATTITUDES ABOUT INCREASING LEVELS OF SERVICE

Several forces serve to focus political pressure on the government to enhance levels of service provided to specific groups, and to Northwest Territories residents as a whole.

Expectations Generated by Federal Fiduciary Obligations to Aboriginal People

The Government of Canada has fiduciary obligations to aboriginal people which are the basis of certain programs. Some of these programs are delivered by the federal government, and some are delivered by the GNWT on behalf of the federal Government. These programs provide a level of benefits to Northwest Territories aboriginal residents which tend to be high in comparison to similar programs for non-natives.

As a result, the levels of service provided to aboriginal residents often determine the optimal benefit levels demanded by the remainder of the population. The level of benefits provided raises the service level expectations of other Northwest Territories residents, and the GNWT is under pressure to extend comparable benefits as widely as it can afford to the whole population.

Expectations Generated by Government Employee Benefits

The benefits received by government employees also raise the expectations of Northwest Territories residents regarding entitlement to benefits. In some sectors of the population, being a member of the territorial public service is a sign of wealth and status, and individuals wish to obtain government jobs in order to access the generous benefits package.

There is also an expectation on the part of many residents that the levels of service provided to the general public through government social programs should be equivalent to benefits provided to government employees. For example, student travel assistance is often compared to the vacation travel benefits of GNWT employees, and it is assumed that they should be the same. Similarly the perception that GNWT employees live in staff housing in communities which is of better quality than the public housing provided to social assistance recipients results in pressure on the GNWT to increase the standards of public housing to an equivalent level.

Expectations Generated by Precedent

The Northwest Territories has generally experienced continual growth and development over the last twenty years. The territorial Government's budget has continued to increase, and major restraint or cutbacks in government spending have not yet been experienced. However, the government has taken measures over the past year to significantly reduce person year growth and restrain the rate of expenditure increase. Nevertheless, program cuts or reductions have not been a fact of life in the north as they have elsewhere in Canada.

Expectations Generated by Government Commitments

The GNWT is developing and refining the instruments which it uses to express its commitments to the public. Like all governments, the GNWT has a wide range of instruments to choose from, including legislation, regulations, policy, and political statements in a variety of formats.

As an evolving government, the GNWT has chosen to use policy in areas where most jurisdictions have used legislation and regulations. This is due in part to the fact that policy can be changed more easily than legislation, and because the terms and content of a policy are not as binding as the terms and content of laws. However, many GNWT policies begin with broad statements of commitment to improve problems. These statements affect residents' expectations of GNWT programs and services because they are interpreted by the public as commitments to address problems through increased levels of services.

Expectations Generated by Differences between Communities

Residents of small communities see the greater levels of service provided in larger communities and expect that the same level of service should be provided in all communities, independent of community size. At the very least, if a program is introduced in the west is must also be introduced in the east, and a comparable level of service must be evident in the five regional centres. The services available in Yellowknife generate the greatest expectations and demands.

Public expectations do not generally take into consideration the cost of delivering some programs in isolated communities, the opportunity to take advantage of economies of scale in larger communities, or the fact that larger communities, notably Yellowknife, do not receive all their services from the GNWT, but utilise a local tax base to provide an enriched education system and recreational facilities.

Such demands are complicated by the reality that the majority of non-aboriginal residents live in the "have" communities, the larger communities, and the majority of aboriginal residents live in the "have not" communities, the smaller communities. The differences in the degree of service level available in smaller communities may have been interpreted as discrimination, rather than the result of practical considerations, including economies of scale.

Attitudes Generated by Social Dependence

The rapid introduction and expansion of government services in the Northwest Territories over the past five decades has contributed to dependence on government, and an unrealistic set of expectations on the part of northerners about the role that government can, or should, assume in northern communities. The expectation that government will be all things to all people is exacerbated by the relative lack of a non-government sector, which in southern Canada assumes many of the responsibilities carried out by government in the north.

The attitude of social dependence also affects government program delivery and service levels. Socially dependent people look to government to provide programs to meet their needs, rather than first considering individual or community resources and responsibilities, thus increasing the demands on government resources.

Because of the north's limited tax base and the way in which social programs have been delivered, many residents are not aware of the costs to government of the services which they may take for granted.

In jurisdictions where government revenues depend primarily upon taxes, governments have the option of "billing back" program and service enhancements to residents through increased taxes. This not only provides citizens with a measure of choice - do we want to pay more for better services? - but ensures a level of public awareness about the cost of government programs.

In conclusion, public pressure to continually increase levels of service hinges upon a number of factors. Some of these, such as benefit levels provided to status Indians and Inuit, are beyond the government's control. Others can be addressed through measures designed to increase public awareness and accountability. However, any reduction in the expectations will require the exercise of considerable political will on the part of decision-makers.

The Project Group recommends:

- The GNWT introduce and/or increase the use of co-payments and means testing where possible in the delivery of social programs.
- The GNWT introduce measures designed to increase residents' awareness of the cost of services provided, even when there is no direct return for the government. For example, residents of public housing units should be billed directly for their utilities, and submit the bills to social services workers for payment; rather than having bills submitted directly to the Department of Social Services.
- Decision-makers implement a public relations initiative designed to increase residents' awareness of the costs of government programs and services, and the rationale behind cost containment measures to be implemented by government.

C. DETERMINING LEVELS OF SERVICE - ACCESS AND OPPORTUNITY VERSUS ECONOMY

The enormous geographical area served by the GNWT, and the small population scattered over that area, makes all program delivery in the north disproportionately expensive. The government is constantly faced with making the judgement call between the need to provide residents with access to an adequate level of programs and services, and the need to control costs.

The growth of Arctic College is a good example of the value of access driving program delivery. When the college was established in 1987, it was set up as a six campus organization with more than sixty community learning centres, in an effort to deliver adult education programs as close as possible to the home communities of northern residents.

Another factor affecting decisions regarding program delivery is the poor economic base in many communities. Decentralizing program delivery to communities is a way to spread the wealth, bringing employment opportunities and spending power into economically poor locations.

The recent history of the territorial Government, with its steadily increasing revenues, has made it possible for the government to choose access over economy in many circumstances. As noted above, public expectations regarding levels of service have pushed for decisions that favour access. Fiscal restraint will increasingly force the government into a position of having to consider the trade-off between access to services, and costs of providing services.

D. A GOVERNMENT IN THE MAKING

Compared to provincial jurisdictions the GNWT has only been in existence a very short time. Aspects of its organization, policies, information base and management systems affect programs and program delivery, and also influence the conduct and conclusions of the Project Group.

Organizational Structure

The GNWT has experienced a period of rapid growth and expansion since it was formally established in the North in 1967. The number of departments and agencies has increased, and responsibilities have changed frequently and substantially. In some cases, this rapid development has led to duplication of program initiatives, or division of related program areas between departments.

One example is in the area of programs to address mental health and individual well-being.

Some programs are housed in three separate divisions of the Department of Social Services, and others are in the Department of Health. In addition, a territorial advisory board and regional health boards all play a role in making recommendations on, and implementing, these programs. Coordination of resources appears to be minimal. It is not unusual, for example, to hear of a professional specialist in the mental health area from Yellowknife holding a workshop in a community without the knowledge or involvement of regional staff.

This lack of coordination not only wastes resources, but results in a situation where communities may be inundated with workshops, meetings and materials all designed to address related problems but not coordinated at the local level to make optimum use of local resources available.

The review has concluded that better coordination and integration of available resources for many program areas would result in administrative savings, and more effective program delivery at both the territorial and local levels. **Pooling of resources which are now fragmented at the community level would enable communities to more effectively tackle issues of local priority**. Given the size of the Northwest Territories population, the scale of operations does not require two separate departments for delivery of programs in the Health and Social Services area.

Several specific recommendations for integration of related program areas are contained in this part, which address the overlap between Health and Social Services, and the need for integration of program areas now divided between Social Services and Education.

In conclusion, it may be useful for the GNWT to examine more closely areas where two or more programs are providing services of a similar nature to a similar client group. This review was struck in particular by the overlap between the Departments of Health and Social Services in several program areas.

The Project Group recommends:

- The government consider as an early priority the amalgamation of the Departments of Health and Social Services.
- Government initiate a comprehensive review of programs and services not included in this project to identify other program areas where integration may result in more effective service delivery and some savings.

Program Approval, Information Development and Evaluation

There is no formal mechanism for program approval in the GNWT. As a result, programs may be implemented without benefit of Cabinet or FMB review, and without ensuring that a thorough analysis of policy implications and cost implications has been conducted.

One of the basic requirements of effective program management is program information. Although the level of detail in program information which is monitored and collected varies greatly between programs and between departments, **the Project Group has concluded that essential data concerning program operations and effectiveness is not collected on a routine basis.**

The GNWT has mandated a program monitoring system called management for results; however, essential program information has often not been identified and generally is not available for the review of programs in the social envelope.

The availability of program information has had a major impact on this project's ability to review programs and program delivery. The following are examples of the limitations of program information in the social envelope:

- legal aid - There are insufficient data collected by offense, disposition of offense, year, or counsel fees to enable an accurate analysis of the cost of the program, or the cost savings of capping fees for categories of service;
- medical transportation - There are insufficient data on the breakdown of expenditures for escorts by eligibility criteria and insufficient data maintained on travel warrants to enable an accurate analysis of costs or savings;
- social assistance - On reviewing the possibility of integrating social assistance and employment development, no data were available on social assistance case loads by category;
- health and social services - On reviewing the possibility of integrating specific health and social service program areas no accurate information was available on social service person years and workloads in the regions. The programs in health were incorporated into large budget activities which did not provide the required detailed information;
- Arctic College - The information on student registration has only been standardized for two years and little information exists on graduation and employment upon graduation. As a result no reliable historical student record information exists and too little current information has been collected yet to provide some indication of the relative success or effectiveness of programs. Similarly the cost of individual programs by full-time equivalents is not yet available.

Although program evaluations are not yet systemic, and some indicators are not available, evaluations are completed in the Departments of Education, Health, Social Services and Justice. In the area of post-secondary education evaluation reports are available on student financial assistance, and a variety of Arctic College programs, such as, teacher education, heavy equipment operator, and public and business administration. The area of aged and handicapped services has been reviewed in the Department of Health, a recent administrative review had been completed for the Department of Social Services and the area of legal aid had also been assessed.

Some departments have initiated program evaluations on an **ad hoc** basis, and some evaluations have been directed by the FMB. However, most departmental evaluation initiatives are designed to address specific concerns of program managers, and therefore may not produce information required to evaluate overall program effectiveness. As the Standing Committee on Finance noted in its 1991-92 report, program evaluation must form an integral component of the Managing for Results System.

The Project Group recommends:

- A formal mechanism for program approval be implemented. The review process should ensure that cost and policy implications of new program initiatives are analyzed carefully before approval is given.
- Information required for program management and evaluation be identified during the program design process, and collected systematically, to ensure effective program management and assessment for results can be undertaken.
- Systematic program evaluation be mandatory, and that programs be evaluated on a predetermined schedule (e.g. every five years).

Program Management

As noted above, programs to address the needs of one client group may be spread over more than one division, or department, within the government. This situation hampers program managers' ability to manage effectively. One example reviewed by this project is medical transportation, where elements of the program are managed by several individuals within the Department of Health.

There is a trend in other jurisdictions to increase the delegation of accountability to program managers, including overall responsibility for management of the program budget. In order for this to work, of course, there must be a minimum of management decisions overruled by higher levels.

The Project Group recommends:

- Program managers have a substantial measure of control over the decision-making process with respect to their programs.
- Administrative case decisions be made by program managers within approved regulations or program guidelines
- Management of diverse program elements be consolidated under one program manager and administrative unit
- Performance appraisals of program managers include management of the program budget.

Taking Optimum Advantage of Federal Cost-sharing Opportunities

There may be a number of cost-sharing opportunities available through federal programs that the GNWT is not accessing. For example, cost-sharing of support to disabled adults in residential facilities is available through the Canada Assistance Plan.

The Formula Financing Agreement with the federal Government provides a framework for negotiation that may not penalize the GNWT for participation in new cost-sharing programs introduced by Canada after the initial negotiation of the formula, that is, revenues earned through participation in such programs will not be deducted from the GNWT's grant.

However, the agreement is silent on the cost-shareability of programs in areas where the federal Government had a cost-sharing program in operation prior to the negotiation of the formula, but the GNWT did not participate, either because there was no territorial program or because the territorial program did not meet federal cost-sharing criteria.

The Department of Finance cannot provide a definitive read on the cost-shareability of programs in this "grey area". Such programs may well qualify for cost-sharing, but each would have to be negotiated separately with the federal Government.

Program departments do not appear to be working in close coordination with the Department of Finance in the development of program criteria and identification of negotiating strategies with the federal government, to ensure that optimum advantage is taken of every cost-sharing opportunity.

The Project Group recommends:

- A specific staff function within the Department of Finance be assigned responsibility for identifying potential federal cost-sharing programs, working with departments early in the design of program criteria to take optimum advantage of cost-sharing opportunities, and cooperating with departments on federal/territorial negotiations regarding cost-sharing on specific programs.

CHAPTER 14: OVERVIEW OF PROGRAM - SPECIFIC FINDINGS AND RECOMMENDATIONS

The Financial Management Board directed that this review generate recommendations which would:

- identify opportunities for improved efficiencies through restructuring, reorganization or integration;
- identify savings to be achieved through modification of benefit levels or eligibility criteria without compromise of basic program objectives;
- identify ineffective programs;
- identify means to better focus programs on core needs.

The review of the social programs area has concentrated on the first three areas identified. "Better focus" of programs on core needs has been an implicit element of the review approach and is reflected in all the recommendations.

The recommendations below are illustrative of more sweeping cost containment measures that could be implemented within the GNWT, if a similar review were undertaken for all program areas. It should be emphasized, however, that the recommendations are not provided simply for the purposes of illustration - all are feasible, and all could be implemented. However, none of them represent easy political choices, although the alternatives brought on by fiscal restraint will not be any easier, or any more popular.

It should also be noted that the primary focus of this review of social programs has been an assessment of potential areas for short-term savings or cost containment. This is a difficult but necessary task in times of fiscal restraint, but it does not necessarily lead to more effective programs. Given the social challenges facing the Northwest Territories - including the high and increasing rate of dependency on social assistance, the school drop-out rate, and the lack of employment opportunities in many communities - sweeping and innovative changes in the social program area may be required. The program modifications proposed in this Report will not accomplish this, although the recommendation regarding integration of social assistance and employment development programs represents a first step. On a more positive note, the savings and cost containment measures proposed in this Report may provide the government with the financial flexibility to implement innovative social initiatives in the future.

The review of social programs in the GNWT included the programs of the Departments of Health and Social Services, the legal aid program in the Department of Justice, the advanced education programs in the Department of Education, and the programs of Arctic College.

Although social housing programs and housing in general were not within the scope of this review, some observations regarding housing subsidies are appropriate. A major proportion of the territorial budget is dedicated to subsidizing housing through a variety of programs, for example:

- The projected rental costs for social housing for 1990-91 are $61,861,500. These costs are not included in the Department of Social Services budget; if they were, the cost of social assistance to the GNWT would be approximately triple its present level;
- The government spends $66 million to subsidize staff housing, of which only $15 million is recovered through rents;
- Fuel costs are subsidized through social assistance, and through the Fuel for Seniors Program at an annual total of $466,000;
- The GNWT also spends $3 million on electrical power subsidies.

When the total cost of housing-related subsidies is added up, it represents more than 12% of the territorial government's budget. (see Appendix 12)

The recommendations of the review are divided into three categories:

- Program integration and restructuring;
- Program modification;
- Program excision or reduction.

The recommendations in all three categories, including recommendations regarding excision or reduction, ensure that the recognized needs of client groups will continue to be addressed. Excising certain programs may mean that only needy clients will receive the benefit or service, or that clients may refer to another program which already exists within the GNWT. The fundamental integrity of the social program envelope is not jeopardized by the recommendations in this Report.

A. PROGRAM INTEGRATION AND RESTRUCTURING

In areas where overlap of responsibilities or duplication of services for similar clients has been identified, recommendations have been developed to integrate and coordinate program delivery. Program areas with potential for integration include:

- mental health and the well-being of individuals/communities;
- services to special target groups;
- social assistance and employment development.

The proposed integration of programs will not yield significant savings. (If recommendations regarding all three program areas are implemented, total savings realized could be in the area of $350,000.) However, it should result in increased efficiency, leading to a reduction in the escalation of program costs, and increased effectiveness; that is, better service to client groups.

As stated earlier, the Project Group was limited in its ability to analyze potential savings because of the general lack of available information in the social program area.

B. PROGRAM MODIFICATIONS

Escalating program costs in some areas of the social envelope have been attributed to increased volume of demand. However, benefit levels and eligibility criteria for many of these programs are entirely controllable. The review has identified several programs where benefit levels and eligibility criteria can be managed so that program expenditures are reduced, maintained at current levels, or so that fewer people are eligible for services, without affecting the integrity of the program.

For example, an analysis of the Medical Transportation program revealed that a significant proportion of the travel budget is spent on travel for non-medical escorts; and that the user fee ("co-payment") has not been increased since 1976, despite significant increases in air fares during that same period. Increasing the user fee, and tightening up criteria for escort requirements, could result in significant savings, estimated at $5 million annually.

C. PROGRAM EXCISION OR REDUCTION

The Financial Management Board directed that the review identify ineffective programs. However, determining whether or not a program is effective involves a value judgement. If the determination of program effectiveness is based on the extent to which a program is meeting defined objectives, then a program evaluation is required. It should be noted that program evaluation requires both clarity and consensus on the objectives of a program. Many programs within the GNWT have not been designed with evaluation in mind, and have evolved on an **ad hoc** basis. Clearly defined objectives are not always discernible.

If a program is judged ineffective, this alone is not sufficient reason to recommend that it be discontinued. The subject matter addressed by an ineffective program may be of great importance, and the solution to ineffectiveness may be program revision rather than excision.

No recommendations in this area have been made based on a judgement that programs were ineffective. Recommendations to excise or reduce programs were based primarily on findings that the programs are not needed (that is, are not filling a need which cannot be addressed by any other program or program constellation in the GNWT), or are benefitting only a comparatively small number of clients relative to program expenditures.

If the GNWT is looking for substantial cost savings in social programs some worthwhile programs will have to be modified or cut. To realize cost savings the Legislative Assembly and Cabinet will have to be prepared to establish the political environment within which public expectations can be constrained, and these recommendations can be implemented. This will require a willingness to make hard and unpopular choices, to withstand public pressure in the face of those choices, and to provide leadership through demonstrated willingness to set an example.

CHAPTER 15: SUMMARY RECOMMENDATIONS REGARDING PROGRAM INTEGRATION AND RESTRUCTURING

The sections below contain a brief summary of the conclusions, recommendations and estimated cost savings for the program integration, modifications and reductions being proposed. These summaries are included as an introduction to the detailed information contained in the Appendices. The detailed papers included in the Appendices contain a more thorough discussion and analysis of each program, or program area, and are critical to a thorough understanding of the work of the Project Group.

Reference should be made to the papers the Appendices (numbered 1 to 15) when considering the recommendations contained in the summaries below.

A. COMMUNITY HEALTH PROGRAMS
[See Appendix 1]

Programs which promote the physical and mental health and general well-being of Northwest Territories residents and communities now reside within several divisions of the departments of Health and Social Services, with a high degree of similarity and overlap among issues addressed, client groups and methods of delivery.

The Project Group recommends:

- All programs in this category, with the possible exception of some elements of family violence prevention and treatment programs, be integrated and housed in the Department of Health.

Estimated benefits include a short-term savings of $350,000, longer-term savings due to increased efficiency, and more effective program delivery. With respect to program delivery, once rationalized and amalgamated, this group of programs may become a prime candidate for transfer to communities.

B. EMPLOYMENT DEVELOPMENT AND INCOME SUPPORT
[See Appendix 2]

The goal of social programs should be to assist people to become productive and independent. Towards this end, the social assistance program should be integrated with support programs which can help social assistance clients to achieve this goal. Assistance to individuals with permanent disabilities, whose employability status is not likely to change, can be separated from the caseload and administered on a "pension" basis. Social assistance to potentially employable individuals should be integrated with employment development and training programs to ensure that the maximum coordination occurs to support people in achieving independence.

The Project Group recommends:

> The Department of Social Services classify social assistance clients into separate caseloads from other services, such as family services and child care, and assign social assistance technicians to manage these caseloads.
>
> The Department of Social Services develop a classification system for income security clients based on clients' employability needs. This classification system would then be implemented and managed by social assistance technicians.
>
> The Department of Social Services train social assistance technicians assigned to manage income security cases to:
>
> - Determine initial and on-going of individuals on social assistance.
> - Classify them according to an essentially simple classification system; and
> - Monitor clients on the caseload to track any change in status of those in the employable categories. The work required in tracking clients is simply to record their progress against an established career development plan and issue benefits accordingly.
>
> Social assistance regulations, procedures and systems be reviewed and, where required, developed to ensure clear procedures regarding client responsibility and eligibility; enforcement measures must be consistently applied across the Northwest Territories.
>
> The Department of Education and Personnel continue to develop the model for Career Resource Centres as per the functions described in the Employment Development Strategy and, that Cabinet approve the development of an income support system that gives employable social assistance clients priority for service through Career Resource Centres.
>
> A comprehensive case management system be developed that links all aspects of the service. To achieve this, it is recommended that the Department of Social Services incorporate the ENTER system in their efforts to introduce automated systems into social assistance delivery.
>
> Priority be given to increasing the number of individuals achieving grade ten standing. It is further recommended that consideration be given to requiring individuals 21 years of age and under to return to the regular school system (K-12) first for upgrading, before social assistance is paid.
>
> An **income support system** be developed and implemented in the Northwest Territories in a way which will take best advantage of the cost-sharing provisions in the Canada Assistance Plan.

As a minimum, that income security and employment development programs be developed through coordination of the programs of two departments, the Department of Social Services, Education and Arctic College.

If the Cabinet approves this initiative, the Priorities and Planning Committee direct the Priorities and Planning Secretariat to chair a task force composed of representatives from the Departments of Social Services and Education, in consultation with the Department of Economic Development and Tourism and Finance (fiscal policy), and Arctic College, to develop the policy and program design to implement an **income support system** in the GNWT, and prepare this information for the review of the Committee in six months time.

Immediate priority be given to establishing a Department of Education and Employment with a mandate for delivering all of the programs related to employment development and income support, including social assistance.

If the potential sources of offsetting revenues identified in the Appendix are realized there should be no incremental costs to government, but it is likely that the development and implementation of this program will absorb any potential savings. Benefits will include a more effective employment development function which will assist increasing employable individuals to progress from dependence on government to self-reliance through employment.

C. PROGRAMS FOR SPECIAL TARGET GROUPS [See Appendix 3]

Three departments are involved with the delivery of a range of services to adults with special needs (senior citizens and people with disabilities). Delivery of coordinated home care programs is funded jointly by Health and Social Services, and delivered by Social Services and Non-government Organization's (NGO's). Nursing homes are the responsibility of Health, while personal care homes are jointly administered by Health and Social Services. The Northwest Territories Housing Corporation builds and maintains senior citizens facilities. User fees are established at a flat rate for personal care and nursing homes, regardless of residents' ability to pay.

The Project Group recommends:

- Delivery of all programs for special target groups (aged and handicapped) be coordinated from one administrative centre of responsibility, and that administration should be located within the Department of Health.
- All shelter-related programs be made available to the public on an income-tested or means-tested basis, pending a review of the formula financing and cost-sharing implications of each option.
- The basic co-payment be raised from $350 to $500 per month.

- Further research be conducted into the potential for increased access to federal cost-sharing in this program area, and that cost-sharing under the Canada Assistance Plan be vigorously pursued.

Estimated benefits include $129,600 for the increase in the user fee; $159,600 from the introduction of means testing; and a potential $1.3 million dollars from accessing federal cost-sharing.

D. FEDERAL/TERRITORIAL ROLES AND RESPONSIBILITIES [See Appendix 4]

- The federal government continues to provide a wide range of programs and services in the Northwest Territories. Most are national programs which are delivered throughout Canada; some are unique to the north and directed primarily at the aboriginal population. It may be feasible for the Northwest Territories to negotiate amalgamation of resources under a single administrative centre for program delivery in areas of overlap/duplication; or to negotiate the transfer of complete responsibility during constitutional negotiations.

The Project Group recommends:

- Areas of overlap or duplication be examined by the GNWT with respect to efficiencies which may be gained in streamlined and coordinated program delivery.
- Detailed examination of program elements should be conducted prior to talks with the Federal Government. This examination should include resources available, program rationale, specific client group, and opportunities for improved efficiencies.

CHAPTER 16: SUMMARY RECOMMENDATIONS REGARDING PROGRAM MODIFICATIONS

A. MEDICAL TRANSPORTATION
[See Appendix 5]

Estimated benefits from the following will include annual savings of about $4.3 million resulting from the increase in co-payments and the implementation of tighter control measures.

This program had an anticipated budget overrun of about 20% in 1990-91, due principally to the volume driven nature of medical travel. The review revealed that although a Policy on Medical Travel exists, there is no clear centre of administrative responsibility for the program and there is no system for monitoring compliance with many aspects of the Policy.

Many decisions relating to who travels, when, where, how and with or without escort are not coordinated to ensure maximum efficiency. 25% of the budget is used to support travel for healthy people to act as non-medical escorts.

Medical travel co-payments have not increased since 1976.

The Project Group recommends:

- The Medical Travel Program of the Department of Health ought to be re-organized so that there is one program manager in Head Office with responsibility over all administrative aspects of the program.
- Whatever the degree of delegation, the final authority and responsibility for decisions as to whether travel benefits are available ought to be with the Department of Health. Authorization of travel ought to be a delegated function which can be withdrawn or redelegated.
- Health care workers ought to be educated about the costs of inappropriate health travel, whether driven by lack of financial accountability or lack of correct information regarding legal liability.
- The Department of Health should negotiate with hospitals in each of the three southern destinations of medical travel (Edmonton, Winnipeg, Montreal) to obtain the best rate available and all patient referrals should be directed to those hospitals. Compliance with this referral practise should be strictly enforced and exceptions should be permitted under limited conditions such as unavailability of services. Although this does not impact directly on medical travel, it represents a significant cost of hospital expenses and is most easily monitored as a part of the medical travel program.

- A system of GNWT authorizations for expenditures, similar to that for various levels of contract authorities, ought to be instituted. This would delegate approval of different types of travel to different levels of responsibility. It would be managed and enforced like similar financial commitments in non-medical travel areas like purchases of goods and commitments for service contract.
- Negotiate a discount rate in fares for patients on high density airlines routes.
- Guidelines relating to the timing of airline flights and doctor appointments ought to be set out and compliance should be monitored.
- The program manager ought to co-ordinate information regarding doctor community visits, ensure its correctness, and monitor its application by medical referral staff.
- A specific directive relating to the circumstances of follow-up appointments needs to be placed in force and monitored appropriately.
- Education of the specialists to whom referrals are made ought to be undertaken, so that they understand the medical capabilities of any particular community.
- If an individual chooses to travel beyond the nearest centre where the required services are available, the individual should be responsible for all costs beyond that of an economy round trip ticket, minus co-payment, to the nearest centre.
- Ensure compliance with the present written policy on escort travel. As a small first step in this direction, the medical travel forms ought to require the recommending health care worker to identify for which of the four reasons the escort is being approved.
- If there are any circumstances envisaged where a second escort is actually required, these should be spelled out in the Policy and the Manual for the benefit of the administrators. If there are to be no circumstances where a second escort is required, this should be stated and supplied. If the circumstances are "rare", this should be clearly conveyed in the Manual as well as in the Policy. The less discretion given to the program manager in this area, the easier it would be to the administrator.
- Review the present escort policy with an eye to cost reduction by trying to keep the program designed for the exclusive use of people who are medically at need. Consider the four approaches (set out in Appendix 5) taken above in restricting escort costs.
- The cost-benefit analysis of the Department of Health in bringing medical services north as opposed to sending patients south ought to be aggressively and continually pursued to minimize costs of medical travel.

B. INTERIM CHILD CARE PROGRAM
[See Appendix 6]

A large proportion of the user subsidy component of the interim child care program has lapsed each year since the program's introduction in 1988, due to lower than anticipated take up. The subsidy is targeted to families where parents are employed or in training on a full time basis, and eligibility is restricted to pre-school children in full time care. Eligibility is income-tested. Program criteria were designed specifically to assist parents in training, or to ensure that employed parents would be better off working than on social assistance.

Many parents have continued to access child care assistance through the social assistance program for a variety of reasons. Other parents receive child care support through the Student Financial Assistance Program.

The components of the program which provide start-up assistance and operating support to child care providers have been successful, with steadily increasing demand.

The Project Group recommends:

- All programs in this category are to be integrated.

The estimated benefit will be an enhanced and more effective support program to child care operators, or a short-term savings of $669,000.

C. SUPPLEMENTARY HEALTH BENEFITS
[See Appendix 7]

The GNWT provides a range of health benefits to residents beyond the insured medical services which are required by legislation. These include the cost of drugs, certain medical-surgical supplies, and certain dental services to Metis and non-native residents. The benefits are significantly less than the package provided to status Indians and Inuit under the non-insured health benefits program, funded by the federal government.

Like the federal plan, Northwest Territories residents are required to access their employer's benefit package before being eligible to receive these amounts. Employers have eliminated their own benefit packages or tailored them to cover only those areas not covered by the extended health benefits program.

Extended benefits are a government-approved list of "specified disease conditions". Individuals with these disease conditions are eligible for financial assistance, regardless of their ability to pay. Individuals with disease conditions not listed receive no assistance, again regardless of their ability to pay.

Metis residents have lobbied the government strongly to enhance their medical benefits to the level of benefits provided to status Indians and Inuit.

The Project Group recommends:

> For all programs where the GNWT pays for extended health benefits, there should be an income testing scheme to ensure that the benefits are available only to those who are in need.

The model for providing supplementary health care benefits should be re-formulated. Its starting point should be the provision of supplementary health care benefits to those who need them, rather then those who happen to have selective (and randomly selected) diseases. This change in the model can be income neutral with the present model, or cost-containing, depending upon the income threshold set for eligibility.

- Alternately, if there appears to be no willingness to reformulate the model, the present model can still be means-tested, eliminating those persons with the correct "disease conditions" who have sufficient income.

If means testing is unacceptable, then a co-contribution scheme is an alternative to it.

If the disease-based model is to be retained, no disease conditions should be added.

The costs of extending health benefits to Metis must be rigorously examined before their inclusion is confirmed. Preferably, the "need-based" model for supplementary benefits should be offered as the GNWT's substitute for the federal denial of responsibility.

Estimated benefits will include both short-term savings and long term reduction in escalating program costs.

Further work is required to accurately identify the potential cost savings of the recommendations.

D. LEGAL AID
[See Appendix 8]

Legal Aid costs are increasing due to a number of factors, including the increasing involvement of the criminal justice system in Northwest Territories communities. Means exist to reduce legal aid costs by decreasing use of legal counsel in the system. These means include a Justice of the Peace Program and a diversion program. None of this is controllable, however, as part of the legal aid program.

The review revealed that the Northwest Territories Legal Aid program does not employ the preferred delivery model. A wide range of Legal Aid services is provided which is entirely discretionary. Fees charged by lawyers providing services to legal aid are the most generous in the country, and there are no effective financial restrictions on the amount of work done per case. Contributions from legal aid clients are modest.

A review of the structure and administration of the Legal Aid Clinic indicates that running the clinics using legal aid societies is expensive and too inflexible.

The Project Group recommends:

All non-matrimonial civil legal aid should no longer be funded by the Legal Services Board. The cost of this part of the program, including disbursements, was $122,000 in 1990. With recoveries estimated at $26,000, savings will be $96,000;

Hire two salaried lawyers in Yellowknife to work exclusively on non-circuit adult criminal legal. The savings resulting will be $624,000.

Assess a contribution from legal aid clients as follows:

- criminal clients: Upfront application fee of $20 for each of 3000 criminal cases. Savings: 3000 x $20 = $60,000.
- matrimonial clients: Periodic and continuing assessment, averaging $100 per case. Savings: 500 x $100 = $50,000

Total savings will be $110,000.

Hire one salaried lawyer based in Iqaluit to work on all matters which arise in the Baffin. Because of the unavailability of clear data relating to case volume from the Baffin, we do not recommend further salaried counsel until the file numbers can be verified. The savings would be $107,500.

Cap, block discount, and freeze the hourly tariff. Given available data, it is impossible to project the savings to be incurred. It is estimated that savings will be several hundreds of thousands of dollars.

A proper data-tracking information system should be devised, so that, even at intake, significant facts are known about the client. This will enable, among other things, cost comparisons (to make fiscal management decisions such as staffing levels for salaried lawyers and rationalizing clinic purchasing), credit checks (for non-payment of previous contributions), and representation decisions (if clients are situational disqualified).

A policy should be considered whereby certain criminal offenses are excluded from legal aid coverage.

"Uncontested" divorces with no collateral relief should be excluded from legal aid coverage.

A spot auditing system should be put in place to verify client eligibility.

A "situational" disqualification policy should be prepared to eliminate legal aid coverage from clients for situational reasons which are both rational and consistent.

A customized reporting system for lawyers should be devised and tied in with the client data base.

No change should be made in the corporate structure of the Legal Services Board (LSB), except for the deletion of clinic Directors from the Board.

Community legal aid counsel should become salaried employees of the LSB and the societies should be abandoned as vehicles to deliver legal aid.

E. STUDENT FINANCIAL ASSISTANCE PROGRAM [See Appendix 9]

The Student Financial Assistance Program is designed to defray the higher costs of post-secondary education faced by Northwest Territories students, encourage aboriginal students to pursue higher levels of education, encourage all northerners to upgrade their education and return to live and work in the Northwest Territories, encourage graduate studies and recognize academic achievement at all levels. The program provides a variety of grants and loans to students attending post-secondary and graduate courses. Eligibility for this assistance varies depending upon the student's ethnicity, length of residence in the Northwest Territories, and length of schooling in the Northwest Territories.

Compared to other jurisdictions, levels of assistance are generous. Aboriginal students from the Northwest Territories receive more generous levels of assistance than students funded directly by Indian and Northern Affairs Canada in the south.

The Department of Education has reviewed the program and identified some administrative measures which can be implemented to improve efficiencies. The review indicated that the total value of the cost-saving measures already identified by the Department will be small. However, the program can be modified without threatening program objectives. For example, reductions in both basic grants and supplementary grants would bring assistance in line with that provided by other jurisdictions. Means test could be administered across the program, although some basic policy assumptions underlying the program objectives would require review in order to do so.

The estimated benefits of these recommendations is approximately $1 million dollars.

The Project Group recommends:

Supplementary Grant

- Continue to provide a supplementary grant program to all Dene, Metis and Inuit, but tighten the regulations, reduce needless costs (such as paid return travel for students' dependents whether or not they travel), and set a maximum ceiling for individual students based on a completion rate of 60% of the course load per year. Incorporate the basic grant benefit for books and supplies into this package and collapse living expenses in a manner similar to Indian and Northern Affairs Canada so that Northwest Territories program is not providing more than what Indian and Northern Affairs Canada would provide for living allowances.

Basic Grant

- Reduce the cost of the trip home at Christmas in the basic grant package by using the enroute card system for all students for Christmas travel. This would affect all students; aboriginal and non-aboriginal students.

Post-secondary Incentives, University of Manitoba, Contract and General Regulations

- Tighten the Student Financial Assistance regulations and eliminate post-secondary incentive grants and the contract with the University of Manitoba.

Loans

- Continue to provide for primary, secondary and means tested loans.

General

- Establish a late fee for all applications to improve program efficiency.

F. ARCTIC COLLEGE
[See Appendix 10]

In 1982,the Special Committee on Education recommended that an independent Arctic College be established, with several campuses, each specializing in a major program. As a result Arctic College has developed into a system with six campuses, one in Fort Smith, Inuvik, Yellowknife, Cambridge Bay, Rankin Inlet and Iqaluit.

However, in spite of the priorities identified in the strategic plan developed for 1990-95, Arctic College is trying to be all things to all people. The current college organization and structure is a result of the vision developed at a time when fiscal restraint was not a consideration and when access to college programs was a more significant factor in decision making than costs. The College will be faced with fiscal restraint both in its contribution from the GNWT, and in Canadian Employment Immigration Commission funding.

The following three options are discussed to save costs and a **theme common to all of the options is that Arctic College should be focusing on "the basics" which are: literacy programs, basic upgrading, trades and other training programs for the northern job market**.

The Project Group recommends:

- The GNWT contribution to Arctic College be determined through a funding formula.
- An information based on program output measures be measures be developed and maintained.

- Funding priority be given to adult basic upgrading and that these programs be delivered largely through community learning centres.
- Arctic College market its programs more aggressively to third parties.

Cost Saving Measures

Option 1

Consider Alternative Delivery Methods

Weighing the principles of access, economy and stability in the provision of adult education and training, it is recommended that other alternatives to a college delivery model be considered.

Option 2

Dramatically Reduce Arctic College Operations and Program Responsibility

It is recommended that a dramatically reduced College model of operations and program responsibility be considered.

Option 3

Reduce Arctic College Operations and Programs

It is recommended that "campus" development be limited to one main campus in the East, and one in the West, and that the other "campuses" be considered regional program centres.

The cost savings realized are dependent upon which decisions are made regarding the options proposed.

Option 1 would result in cost savings of approximately $15 to $20 million dollars.

Option 2 would result in cost savings of approximately $13 to $18 million dollars.

Option 3 would result in an estimated savings of $1 million to $1.5 million through operational streamlining. Program cuts and consolidations may yield in the area of $250,000 per program. As a result if four programs were excised and two programs were consolidated another $1.5 million in cost savings would be realized, resulting in a total of $3 million dollars saved.

G. HEALTH SERVICES AND FACILITIES
[See Appendix 11]

The Department of Health has produced a strategic vision which would produce a health care delivery model different from that of the southern Canadian medical model. This model will have the advantage of providing as good or better health care at a lower cost. The model is based upon primary health care being administered by nurses, with support form local health para-professionals. The role of the physician will be as consultant and educator.

The model also anticipates Stanton Yellowknife Hospital being a regional hospital for the Western Arctic, the Kitikmeot, and to a certain extent, the Keewatin.

The Review Project applauds this model as a realistic and apparently cost-effective way for the health care system in the Northwest Territories to develop. In order to be implemented, it must be given a costing structure and must be explained to the public.

The Project Group recommends:

- The Department of Health must be given every possible encouragement to continue with implementation of its "Northwest Territories Way" model for health delivery. Priority should be given to further benefit/cost analysis before any public dialogue is considered. That analysis should include the following recommendations:
- A model of implementation and costing of community hiring must be developed and integrated into the model in general and in the communities of Fort Smith, Hay River, Fort Simpson, and Inuvik in specific.
- The Keewatin District must be required to conform with the model - by sending patients, in the first instance, to Yellowknife rather than to Churchill as its regional centre.
- A system must be devised to capture information on the increased levels of travel, changes in referral patterns, and the addition of hospital services in Yellowknife, and their effect on facilities, medicare, and medical travel. This system will be used for the costing analyses necessary to make further decisions relating to cost containment.
- Prior to any decision made to add services to Stanton Yellowknife Hospital, a financial analysis must be done, and a conclusion reached that money will be saved. If money will not be saved, the services should not be added.
- Periodically, newly added services, as well as older services previously added at Stanton Yellowknife Hospital should be analyzed to ensure that the original assumptions still hold and that money is still being saved. If it is not, the service should be eliminated.
- Compliance with all aspects of the general model for medical care delivery in the Northwest Territories must be firmly required, monitored, and strictly enforced. This is particularly critical with respect to the hiring of physicians by salary or contract, and with respect to the maintenance of recommended travel referral patterns.

The total savings of this model of health care delivery, although not yet quantified, are substantial.

H. SOCIAL ASSISTANCE AND SOCIAL HOUSING [See Appendix 12]

The Department of Social Service's budget does not include the cost of social housing. If it were included in the budget of this Department, rather than that of the Northwest Territories Housing Corporation, the costs of social assistance would triple.

The Project Group recommends:

- Social housing is not in the terms of reference of this project. However, when an attempt is made to perform an accurate and useful program review of social assistance, social housing must be included as part of the review.

I. PROGRAMS AND PROGRAM DELIVERY: THE OMNIBUS APPROACH [See Appendix 13]

The Omnibus approach to cost containment is a method whereby expenditure levels for programs are arbitrarily set. The setting can be done at any level - typically fixed or inflation-adjusted.

For the major program areas in the Departments of Social Services and Health, we developed trend lines based on fixed (0) increases, inflation adjusted increases, previous years trends, and departmental projections. The savings obtained in fixing or adjusting for inflation only show what levels of savings can be accrued over the years through this method.

The Project Group recommends:

- It is recommended that the GNWT should continue to include the Omnibus method in its approaches to cost containment.

CHAPTER 17: SUMMARY RECOMMENDATIONS REGARDING PROGRAM REDUCTIONS

A. YOUTH INITIATIVES PROGRAM
[See Appendix 14]

This is an entirely controllable program with a wide-ranging and diffuse mandate. The mandate of this program overlaps with several other existing programs which are addressing issues of concern to youth - including suicide prevention, employment development, drug and alcohol abuse, involvement of youth in the corrections system, and the need for positive role models. Priority categories for allocation of funding were identified by Cabinet for 1990-91 but none have been identified for 1991-92. There are no guidelines to ensure regional equatability in allocation of resources under this program. Although youth comprise a large proportion of the Northwest Territories population, the number of individuals who will benefit directly from program activities is relatively small.

Government may want to consider the establishment of a Youth Secretariat which could integrate elements of existing programs which are targeted at youth and utilise existing resources more effectively. Estimated benefits include a short-term savings of $940,000.

The Project Group recommends:

- It is recommended that this program be excised.

CHAPTER 18: COMMUNITY TRANSFER MODEL

[See Appendix 15]

The GNWT is committed to community self-government, that is, the transfer of program delivery responsibility to community governments on a negotiated basis. The Standing Committee on Finance in its 1991-92 report recommended that the Department of Social Services enter into negotiations with communities to devolve authority for the delivery of social service programs.

Programs in the social envelope are appropriate candidates for transfer. In addition to the essential conditions which must be identified by the GNWT for delegation generally, specific program requirements must be "tailored" for transfer. Therefore, before government can proceed to the negotiation of transfer agreements with communities, a considerable amount of analytical groundwork is required. This work includes:

- identification of the components of existing programs and how they might be changed by communities empowered to deliver them;
- identification of which components of existing programs are mandatory, i.e. statutorily driven, and what flexibility might be delegated to local communities;
- identification of evaluation factors to be reflected in transfer agreements;
- identification of accountability factors to be reflected in transfer agreements;
- analysis of cost implications by program component.

The comprehensive nature of this work may delay initial negotiations on transfer. However, to proceed with transfers before this essential groundwork is done is to invite service problems down the road.

PART V: CONCLUDING COMMENTARY

Over the period 1967-1991, the GNWT has gradually assumed control over a large and critically important organization. The budgetary outlays under the control of the GNWT in 1967 were $10 million; today they are $1,100 million, and these funds are used to provide 375 programs administered by 17 departments of government and over 800 boards and agencies. The operations of the GNWT are far-reaching and widely dispersed, and it is the most decentralized government in Canada.

In many respects, northern political and infrastructure progress has, according to southern Canadian standards, been extraordinary over the past 50 years, with aboriginal peoples moving from a traditional lifestyle in a territory governed much like a colony of Ottawa, to participating in all aspects of modern Canadian society in a territory that is governed by a Legislative Assembly which has an overwhelming aboriginal majority. Much of the government funding during this time has been used to establish modern infrastructure: transportation networks, education facilities, community and regional health facilities, which did not exist in the first half of this century.

But the impressive infrastructure progress of the past has been driven by rising government spending which in future will be tightly capped. The very success of government-driven development has now given rise to a new challenge. As restraint becomes necessary, government cannot scale back its operations in a manner that leaves the northern population unsupported, it must scale back its operations while creating the means for northern communities to move in and support themselves to a much greater degree. This challenge has been many years in the making and there are no quick fixes or easy answers; meeting this challenge will require effort, time, and new ways of looking at deep-seated problems.

Northern communities now have a backlog of 3,000 homes, according to the Northwest Territories Housing Corporation, yet there is over 50% unemployment in many communities, and over $100 million in social assistance payments (including rent subsidies and UIC). It is a paradox that these conditions exist side-by-side. There is a pool of labour (the unemployed), there is a pool of capital (the $100 million) and there is work to be done (the houses). Is there a better way to pool this huge amount of capital (the $100 million) and combine it with the available labour (the 50% who are looking for work) in order to meet the economic need (the 3,000 houses)?

There are other paradoxes. Northern community enterprises often suffer for start-up capital but $100 million is being provided in social assistance. Could this money be pooled and put to better use? Expensive schools are built in northern communities but fewer than 5% of students go through to grade 12. Many are drawn away by competing training programs which offer wages. Should these programs be rationalized?

Managing in a Period of Adjustment and Tight Restraint

The GNWT has evolved an administrative structure which has served to bring services and basic infrastructure to the communities of the Northwest Territories. This structure is highly decentralized through its regional and field operations. However, over the years the increasing role of the territorial level of government in communities has eroded the communities' responsibility for their own well-being. The need now is not for further decentralization, but for a transfer of authority and resources from the territorial level to the community level of government.

Additionally, the GNWT will also have to adjust to the changes that are being driven by: national economic and constitutional developments; further devolution of responsibilities from the federal to territorial level; comprehensive claim settlements; aboriginal self-government aspirations; and, the GNWT's own struggle to shape its political future. Regardless of how these large issues resolve themselves, the GNWT must respond to the immediate imperative of fiscal restraint. Although it is the restraint imperative that generated this Review, the Project Group was cognizant of this larger context. The Project Group believes that its findings and recommendations will be compatible with the outcomes of these other issues.

The territorial Government has made significant efforts over the past few years to contain person year and expenditure growth rates. It has achieved a degree of success and has maintained an accumulated surplus. However, managing in the upcoming period of severe revenue restrictions will require a more far-reaching approach. It will require that the Legislative Assembly, the Cabinet, the civil service, the federal Government and the people of the Northwest Territories, all be part of the solution.

In commissioning the Review Project now, the FMB has given the government a chance to avoid the debt-trap facing many governments in the south, and has given the new Cabinet some breathing space to make changes. The FMB has recognized that the changes needed are fundamental - this is not a time for half-measures - but at least the changes can be undertaken in an atmosphere which is neither punitive nor "panicky".

This Review Project cannot provide all of the answers to cost containment. Its scope was limited, as it had to be within the time period available. The people of the north - the citizens, the elected officials, and the civil servants - are in a far better position to offer deeper insights into how the GNWT can both live within its means and deliver on its top priorities. All of these groups must devote their energies to that challenge.

The Review Project should be regarded as a start toward stronger management and structure in northern government. Its observations, findings, and recommendations are put forward in the hope that they will be helpful to the emergence of two strong levels of northern government: the community level and the territorial level. Working together, both of these levels of government will need a much stronger ability to meet deep-seated problems, and ensure that scarce resources are not spent in an unfocussed way.

The Project's conclusions and recommendations are extensive and appear throughout Parts II, III, and IV of this Report. The major findings lie in the following areas:

Community Government in the North

Community governments need to play a larger role in northern government, as Cabinet has indicated, and they need more control over the resources necessary to do the job.

- A stronger mechanism is needed for turning over resources and responsibilities to community governments and there has to be a driving force behind this initiative. This Review has made recommendations respecting both.
- The Project Group also supports greater community transfer as a move toward greater efficiency in managing the north. The key challenge of the north over the foreseeable future - that of creating a sustainable economic base at the community level - will require the strength of two levels of government. An economy which is largely based on imports paid for by social assistance, is not a sustainable economy. Northern communities must re-establish, in their own terms, greater ability to meet their own needs for housing, food production, garments, heating and education. The GNWT will not have the revenues to meet all these needs by itself. The GNWT is now playing too many roles in the communities of the north: landlord, teacher, care-giver, counsellor, job provider, and so on. It cannot afford to do all these things. The job of restoring community social and economic stability should be met head-on by the full strength of communities and the GNWT combined.

Structure of GNWT Operating Departments

Community governments will not succeed without a strong territorial government. The many needs of emerging community governments can only be met within a strong and well organized framework of training, support, and back-up. Managing the business of northern government will require strength at two levels. The territorial Government will need to give itself added strength if it is to both support communities and manage the northern agenda. In a period of restraint the option will not exist to add resources, but equally the resources at the territorial level cannot be stripped if the essential work of the north is to be accomplished. Therefore, added strength at the territorial level must be accomplished through reorganization:

- Operating departments in the GNWT should be consolidated.
- The GNWT is too elaborate and fragmented with 13 operating departments. It has an average department size of 330 people. Fragmented departmental structures tend to weaken government. Each separate structure adds to the cost of government, and communication and coordination across departments, even with the best of intentions, tends to be very limited. The result is a structure which is more cumbersome, less manageable and less effective in meeting the needs of northern communities.

- In re-building fewer, stronger departments, there needs to be a greater reflection of northern priorities. **The uniqueness of the north and its challenges should be reflected in the way government does business.** The Project Group made a number of specific recommendations in this regard.
- The GNWT should also re-build departments in a manner that is as "flat" and "delayered" as possible. The trend toward an Assistant Deputy Minister layer should be reversed. Departments in the GNWT need strong program directors and strong Deputy Ministers - and there needs to be a direct link between these two levels. From the community perspective, the multi-layered (and increasing) steps to the top of a department are confusing and daunting. Community people feel they cannot work with departments and so go straight to Cabinet Ministers. This can be a sign that departmental levels and structures have become impenetrable and inaccessible.
- Decision-making should be pushed further to the local and community level - in other words, as close to the client as possible.
- Ministers should resist the temptation to involve themselves in the day-to-day administration of programs. This creates the appearance of unfairness in the application of benefit criteria as between individual citizens, and undermines the efficiency of the administrative process.

Third-party Boards and Agencies

- In line with this focus on two strong levels of government (the community level and the territorial level), there needs to be a major effort to "de-clutter" the third-party advisory and administrative apparatus of the north. Layers of third-party boards and agencies have added to the cost of government, and tend to leave the average citizen and elected official feeling powerless.
- The structure of the northern government is now extremely complex; there is a wide dispersal of governmental powers among a very large number of boards and agencies accompanied by a large volume of regulations and instructions that provide the powers and duties of the boards and agencies. The business of government now lacks unity and cohesion and has become too costly, complicated, and time-consuming. The determination of the responsibilities of the elected members by the electors is almost impossible.

Cabinet and the Central Machinery

- The Legislative Assembly charges the GNWT Cabinet with the special trust of achieving the north's highest priorities, however, there is not yet a well-developed sense of "Cabinet government" and unity of Cabinet. The GNWT will not have the revenues to pursue eight or nine separate agendas; it can only pursue one course of action, established collectively by "one Cabinet", if the north's truly highest priorities are to be delivered.

- The work of Cabinet needs to be recognized as the most important work facing Ministers, over and above their individual portfolios, and Cabinet will need better organized and more powerful central machinery if its agenda is to be implemented.
- Cabinet must send clearer signals respecting its top priorities. Only then can it hold departments accountable to deliver on these priorities. But Cabinet and the central machinery, having given departments their goals and resource parameters, must not then try to "shadow manage" departments. Cabinet and the central machinery must then make a greater effort to create conditions which make it easier for operating department managers to manage.
- The ability of Cabinet to establish government-wide priorities among programs competing for funds must be strengthened.

Human Resources and Executive Development

- An overall plan for human resource development is lacking. After years of operation, the government still does not have an inventory of the skills and potential of its thousands of employees. Recently, a human resources questionnaire was circulated with a view toward developing a data bank of employee information, but the questionnaire placed little emphasis on skills identification.
- Most people want to contribute in a meaningful way to their job and the organization which employs them. Their job satisfaction increases with the level of their contribution. However, if goals are not clear, achievable and involve the employee in such a way as to genuinely and meaningfully contribute, then motivation becomes virtually non-existent. As well, this lack will mean that the ability to evaluate performance, and set standards and bottom lines against which to measure staff and provide a basis for controlling or correcting work, is not available. This appears to be the case for the GNWT.
- Senior officials in the public service need to develop greater corporate perspective. The Government Leader should take an active role in the assignment and evaluation of Deputy Ministers, and Deputy Ministers should be rotated more carefully and frequently than is now the case. To serve the interests of the north, there needs to be throughout the civil service, a body of senior administrators of outstanding ability, with a common sense of purpose and a clear sense of their collective responsibilities.

Program Management and Integration

- There must be a major drive towards program integration. Rather than numerous small operating departments delivering 375 programs, guided by over 800 advisory boards and agencies, there needs to be fewer, larger and stronger operating departments delivering more forceful and more integrated programs, guided by elected officials.

- Every dollar must be accounted for and every penny must be squeezed-twice. The GNWT cannot afford program duplication, overlap, lack of coordination, or programs which may have outlived their usefulness. Searching questions will need to be asked before any new program is launched and all programs should be allowed to lapse (i.e. "sunsetted") unless they have demonstrated the highest value-for-money standards.
- No departments should design and implement programs or services without consulting other departments or agencies which might have a stake, or may in fact already be running a similar program.
- There is a lack of direction to collect data of use in program evaluation or performance monitoring. Without these data, little effective planning or management can take place. Policies are written without a feedback loop which would require the gathering of data for evaluation within a specified time frame, and its subsequent use in modifying the specified policy (e.g. adaptive management). Without broad achievable goals for the government, many decisions in the central agencies and at senior management levels in the departments are subject to the political wind. As a result, confusion sets in, morale deteriorates and enthusiasm for the job is diminished.

The Federal Government

The federal Government will continue to be a key part of the development of northern Canada. The business of government will always be more expensive in the north. The deep socio-economic problems, the high cost of living in the north, the added transportation costs, the great distances, and the harsh climate will all mean added expenditures.

The Review Project did not specifically address the revenue side of the GNWT's financial situation, but there is no doubt that actions taken with the funding formula (including the GDP cap) have produced cuts to the revenues available to the GNWT. Added to this is the widespread sense that transferred program responsibilities in health and forestry have not been accompanied by adequate funding. A similar frustration now surrounds the negotiations between GNWT and INAC respecting hospital services.

Finally, there is a feeling that the Goods and Services Tax (GST) has hit the north disproportionately hard, especially in very high-cost areas such as transportation, and has consequently left the GNWT with less tax room. As a result, a review such as this has been necessary to provide the means by which the territorial Government can bring its expenditures in line with its reduced revenues.

The financial independence and health of the GNWT still rests on it having access to a broader resource and tax base. This gives added urgency to the negotiations for a Northern Accord.

Federal-Territorial Program Overlap

There is also another very large area in which federal-territorial efforts could be further harmonized. The federal Government continues to provide a wide range of services and programs in the North. Most of these are national programs which are delivered throughout Canada, although some are unique to northern areas and directed primarily at the aboriginal population. Concern is often expressed by residents regarding the confusion and apparent duplication of programs at the community level being provided by the GNWT and the federal Government. Negotiations on these areas of overlap could result in a single agency delivering the program, while both agencies provide funding. Alternatively, it may not be necessary in these times of fiscal restraint for two agencies to fund and deliver programs which address similar needs.

The Project Group believes that there are a number of important areas that could be usefully examined by the GNWT and the federal Government with respect to efficiencies which may be gained in streamlined and coordinated program delivery. These areas might include, for example:

Department	Program
DOE	Environmental Protection Service
	Canadian Wildlife Service
CEIC	Human resource development programs, training, job creation
	National Employment Services
INAC	Vocational and on the job training for natives, counselling for northern students in southern Canada
	Special employment programs and monitoring joint agreements
	Economic development for Indians and Inuit
	Northern science training programs, advice on northern scientific matters
	Band Management
	Exploration, development and conservation of non-renewable resources
	Renewable resources - management of land, water and forests
DIST	Industry, tourism and commerce, Aboriginal Economic Development Program
PSC	Native Northern Careers Program

Every effort should be made to avoid costly duplication in these program areas for the future. However, the option does not exist for either government to draw back its programs and resources from the Northwest Territories, rather they should continue to search for ways to increase their combined effectiveness.

A Word About Implementation

The implementation of recommendations contained in this Report can be undertaken in a variety of ways. Some can, or perhaps are now being implemented by departmental personnel who assisted in developing solutions. Others will require additional planning effort prior to implementation.

Several key assumptions and prerequisites will underlie a successful implementation strategy. These are that:

- both the public and employees must be made aware of the tough general strategic choices created by revenue shortfalls;
- restraint-enforced consolidation and simplification of the government structure **can** produce quality improvements in program and service delivery;
- employees and suppliers should be challenged with the opportunity to identify workable steps to effective restraint in a manner, **which also** enhances or preserves quality of "product delivered".

The GNWT will have to contain expenditures and person-years if it is to cope with the revenue shortfalls expected in the next few years. Forced belt-tightening has already been attempted, but this will be insufficient to deal with the fiscal problem over the medium term. Restructuring, rationalizing and downsizing is required if the north's emerging fiscal problems are to be managed effectively.

It is essential that actions be taken to minimize damage to the public service and to individual public servants, such as employee involvement in developing solutions to restraint problems. The public and employees should have the difficult strategic choices explained to them, as fully as possible. A clear picture of the change is necessary. Employees, especially, should be involved in tactics and implementation. It may be possible to improve and maintain the quality of delivery of programs and services and still cut costs by 10%, for example, without layoffs. Employees should play a key role in the development of a positive vision of the future, and a commitment to support change. Department managers may be surprised at the response from employees under these conditions. When surplus requirements are identified, a process of consultation with employees is also important to determine appropriate means: attrition; retraining; relocation; early retirement; etc. Cabinet, and especially the Financial Management Board, must pay special attention to this need.

Implementation Process

The implementation of the changes recommended in this Report will require some early and decisive action in the life of the new government. A body of very capable people will need to be put together to effect the major changes.

In the case of the recommendations respecting program delivery, further back-up outlining how implementation can be pursued, will be found in the appendices to this Report.

All of the proposed changes in these areas are urgent, but very strong action needs to be underscored in:

- a more integrated employment and education thrust which includes social assistance (for employable adults), child care, and Arctic College as key parts of the strategy;
- the integration of health and social programs and the rationalization of northern hospitals;
- a much stronger effort to develop a "home-grown" northern public administration.

In the case of major organizational and structural changes, there will be a number of key steps, as suggested below.

Departmental Consolidation:

- FMB recommends consolidation plan to Cabinet for approval.
- Consolidation plan would identify ministerial planning team and the (two to three months) task outline for undertaking the detailed organization design.
- Upon approval of the detailed implementation plan, implementation would proceed.

It would be highly desirable if the new Cabinet were to commit to a more consolidated department structure and concomitant downsizing before portfolios are assigned to Ministers. The implementation should begin here - with the remainder of the detailed implementation plan worked out by a committee chaired by the FMB Secretary, and consisting of the Cabinet Secretary, Deputy Minister to the Government Leader, and Deputy Minister of Finance.

Transfer to Community Governments:

- A (rolling) five year implementation plan under the leadership of the Cabinet Secretary and Implementation Group would be developed/maintained.
- Action plans involving all designated ministers/departments would be set out annually in concert with the five year plan.

Boldness and Vision

The work of the Project Group is presented as a start - and only a start - in a process of much needed change. The Project Group has placed a major emphasis on the theme of strength at two levels. The GNWT will need to be rebuilt along these lines if it is to be both more efficient, and better able to deliver on its priorities.

Governing the Northwest Territories will perhaps always be more difficult than governing a southern jurisdiction, given the huge land mass, many languages, many cultures, and many uncertainties. Uncertainty is a common thread through much of the GNWT, and change is inevitable. Issues like land claims, division, and possible closure of mines or reductions in resource exploration, introduce a large element of the unknown for planning the future. It is not known how a post-claim environment might look or function although everyone agrees that it will have a large impact.

The changes proposed in this Report will not reduce these uncertainties and challenges, but it will make them more manageable. A simplified, more integrated plan of northern government organization will be a stronger organization.

For the employees of the GNWT, the recommendations of the Report should allow greater purpose and direction to be brought to their day to day activities. Employees want to make a contribution, and they want to know what goals and directions are to be pursued. Employee motivation is badly undermined if their efforts are being counter-acted or duplicated by another arm of the organization. The Project Group strongly believes that bringing many similar functions together through program and departmental integration will greatly increase employee morale.

The Project Group has also addressed itself to the needs of native northerners and northern communities. The structures and programs of government should be more reflective of northern and native culture if government is to be understood by and accessible to the public it serves. More of the business of government should be done at the community level by community governments, which are ably supported by a strong territorial Government. Transferred programs and resources can be used as a foundation for greater social and economic development in the communities. Traditional structures should play a role in northern community government. Simplifying and consolidating departments and programs will also make these structures less "foreign" and less complicated, and should help reduce the "distance" between the GNWT and the people it serves.

In many cases re-building the GNWT along these lines means breaking with southern program and organization models, and there is nothing wrong with that. The GNWT no longer needs to adopt a follow-the-leader approach; it can be the leader. But this will require boldness and vision. There is no existing blueprint for a made-in-the-north government; the GNWT will have to create that blueprint itself, founded firmly on the principle of strength at two levels.

Strength at Two Levels

Appendices
to the

Report
of the
Project to Review the
Operations and Structure of
Northern Government

November, 1991

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APPENDIX 1:
COMMUNITY HEALTH PROGRAMS

BACKGROUND/DISCUSSION

- Programs to promote the physical and mental health and general well-being of Northwest Territories residents currently reside within two divisions of the Department of Social Services, the Department of Health, and Regional Health Boards.

Social Services

Within the Department of Social Services, resources and staff to address mental health and well-being are split between two divisions - Alcohol, Drugs and Community Mental Health, and Family and Children's Services. Within these divisions, several discrete programs have been established which address mental health and well-being - including family violence prevention, child sexual abuse, funding and support for community alcohol and drug prevention programs and treatment centres, suicide prevention, and community mental health.

Most of these programs have some regional staff, however, numbers and configuration of staff vary from region to region. Program staff indicate that there is little communication or coordination among program areas, and little sharing of resources. Planning for these programs takes place in isolation. Last fall, Cabinet approved a Suicide Prevention Strategy developed by the Suicide Prevention Coordinator. A revised Family Violence Policy was also recently approved. A Child Sexual Abuse Strategy has been approved by Cabinet. Regarding the development of a Community Mental Health Strategy, senior managers were aware that it was difficult if not impossible to develop a community mental health strategy that did not involve coordination and sharing of resources among the many programs that deal with related issues.

Lack of coordination and integration among programs in the Department of Social Services has likely been exacerbated by organizational problems which have plagued the department.

Health

The Department of Health operates prevention and promotion programs focusing on issues such as maternal and child welfare, family life, wellness, nutrition, and education for the promotion of healthy lifestyles. These programs are made available to the public through local health centres and public health clinics.

The Health Promotion unit within the department acts as a resource for Regional Health Boards, community health committees and other community groups. There is a Family Life Education unit which operates programs promoting healthy lifestyles, including public awareness campaigns, workshops for community groups and health committees, and training for regional and community staff on a variety of healthy life-style related issues. The staff also acts as a resource to the Department of Education in the development and implementation of the Northwest Territories Health Curriculum. The Nutrition Unit also acts as a resource for the general public, in addition to other responsibilities.

Many communities also have Community Health Workers (CHR's) working at the local level. In addition to providing assistance to community nurses, these workers may assist health committees or community groups with awareness campaigns, organization of workshops, and other community health initiatives.

- Responsibility for Alcohol, Drugs and Community Mental Health was transferred to the GNWT at the time of the Health Transfer in 1988. The inadequate level of resources made available through transfer has been a source of frustration. Transferred funds also included the Northwest Territories allocation from the National Native Alcohol and Drug Awareness Program (NNADAP). At one time this was an issue among treaty Indians and, given the current political climate regarding services to natives, may well be challenged again by the Dene Nation.
- As noted above, coordination of efforts within the Department of Social Services is minimal. It is not unusual to hear anecdotes describing, for example, the Child Sexual Abuse Coordinator flying into a region at the request of a community group to hold a workshop, without notifying or involving regional staff of the Division of Alcohol, Drugs and Community Mental Health.
- There appears to be little or no formal coordination between staff of the two departments at any level in this program area. There is potential for amalgamation and coordination at the headquarters, regional and local levels.
- There is a territorial Alcohol and Drug Services Board of Management, which serves in an advisory capacity to the Minister of Social Services, reviewing applications from community groups operating alcohol and drug programs, and making recommendations in relation to contribution funding for these groups.
- The lack of coordination results in a situation where numerous workshops, training sessions and information sessions on issues related to mental health and well-being may take place in a single community, with no effort to involve the same individuals or to ensure consistency and continuity among the sessions.
- Many communities have established Alcohol and Drug committees to coordinate local prevention and counselling programs. Some communities have established local Health Committees, to provide feedback to public health centres and regional health boards. Some of these committees act as sub-committees of community governments, others are independent.
- The GNWT is publicly committed to promoting community self-government through the transfer of appropriate programs to community governments. The Department of Social Services has taken a lead role in negotiating transfers.

- Many of the programs identified above produce information and awareness materials for the general public.
- There is some merit in having Family Violence Prevention, and Child Sexual Abuse Programs, housed in the Division of Family and Children's Services, given the direct relevance of some components of these programs to child protection and welfare -(safe shelters and counselling). However, prevention, information and awareness programs, as well as counselling, also fit logically within a community mental health program configuration.
- Departmental consultants have recommended that the Department negotiate the transfer of Community Health Services, including mental health and suicide prevention, to the Department of Health for subsequent transfer to regional health boards.

ASSESSMENT

- Better coordination and integration of available resources for community health programs would likely result in administrative savings, and more effective program delivery at both the territorial and local levels.

- This program area is a prime candidate for transfer to communities. Programs are discretionary, with less need for common standards and criteria than regulatory programs such as social assistance.

  The community service model proposed to be developed during the program review exercise would be particularly appropriate for addressing the fragmented delivery of prevention/promotion/treatment modalities at the local level. Community governments could be responsible for identifying priority issues, allocating resources from transferred budgets to address those issues, and identifying responsible groups or committees to carry through initiatives. Pooling of resources at the headquarters level could ensure availability of support expertise.

  Pooling of resources which are now fragmented at the community level would enable communities to more effectively tackle issues of local priority. Decisions about training initiatives, and public awareness projects, could be targeted to issues of most immediate concern.

- Child sexual abuse and family violence programs will have to be carefully analyzed in order to determine which elements should remain with Family and Children's Services, and which should be grouped with a community mental health configuration.
- One program element which may not lend itself to transfer is Clinical Services. As presently structured, this program involves a mobile assessment and treatment team working out of headquarters, visiting regional centres on a regular basis and other communities as required. It has been argued that this treatment model is not effective; however, it is beyond the government's fiscal capacity to locate professional resources in each region.

- The effectiveness of the Alcohol and Drug Board of Management requires analysis. Particularly if responsibility for community health programs is transferred, there may be no role for a territorial advisory board. Communities may choose to pool resources on a regional or broader basis for issue-specific initiatives.
- CHR's (community health workers) and community-based social services workers currently work in isolation. This creates a difficult situation. Staff burn-out and turnover are high among social services staff. Amalgamation of programs and pooling of resources will ameliorate this situation to some degree.

The Project Group recommends:

- All programs in this category, with the possible exception of some elements of family violence prevention and treatment programs, be integrated and housed in the Department of Health.

Estimated Benefits

Our understanding is that the Department of Social Services has 100 employees delivering the entire range of departmental programs at the community level. Based on an estimate that 5% of their workload involves delivery of programs designed to address mental health and well-being, it is reasonable to assume a short-term savings of $350,000 (five PYs at $70,000). An additional benefit would be increased program efficiency resulting from the review of the role of the Board of Management, and from increased program effectiveness as a result of transfer to communities.

APPENDIX 2:
EMPLOYMENT DEVELOPMENT AND INCOME SUPPORT COORDINATION

INTRODUCTION

From 1982 to 1989, there has been a 151% increase in social assistance payments, and by 1990-91 social assistance payments reached almost $21 million dollars. The level of social assistance in the Northwest Territories is a strong indicator of the growing problem of social dependence in many communities.

The territory as a whole has a young population growing at twice the rate of the population in the rest of Canada and 32% of working age residents have an education level which is less than grade 9. Another factor which contributes to the problem of social dependence is the fact that most Northwest Territories communities have few employment opportunities. At the time of the Northwest Territories 1989 labour force survey the participation rate of residents 15 years and older in the work force (70%) was one of the lowest, and the unemployment rate (16%) was one of the highest in Canada. If the unemployment rate is examined by ethnicity, aboriginal unemployment ranges between 27% and 38%. It is not surprising that the cost of social assistance payments is projected to rise to $26 million by 1994-95.

A high percentage of individuals risk becoming dependent on social assistance for long periods of time. However, social assistance recipients who are not considered to be permanently unemployable (individuals with long-term disabilities and elders) often need basic training or skill development programs to help them become more self-reliant.

DESCRIPTION OF AN INCOME SUPPORT SYSTEM: COORDINATING INCOME SUPPORT/EMPLOYMENT DEVELOPMENT PROGRAMS

Coordinating income support and employment development programs would provide a continuum of support and training services which individuals on social assistance cannot access now. The coordination of these programs in the GNWT would initiate the development of an income support system here which could assist people to become more independent and more productive. This type of programming has been developed in other jurisdictions in Canada and is cost-shared through the Canada Assistance Plan in those jurisdictions.

An income support system would not require the development of new program initiatives. It would require, however, that some tasks be clarified, that strong links be developed between existing programs and that government staff become more client-oriented. The departments which would have to work together would be mainly the Departments of Social Services and Education, although there are other programs in other departments and agencies which would have to be linked to this system to provide a continuum of service for social assistance recipients. These other departments and agencies are Arctic College, the Department of

Economic Development and Tourism, and the Canada Employment and Immigration Commission (CEIC). The programs by department and agency which may be considered for coordination in the development of an income support system are identified below.

Programs Contributing to an Income Support System

GNWT Programs

Department	Programs and 1990-91 Budget
Department of Social Services	Social Assistance ($21,000,000), Vocational Rehabilitation ($118,000), Employability Enhancement Accord ($750,000), and Child Day Care ($2,393,000) programs.
Department of Education	Advanced Education programs - Employment Development and Continuing Education ($3,600,000), & Apprenticeship ($5,273,000), programs.
Arctic College	Adult Basic Education and Literacy (approx. $3 million) and career and skills development (approx. $4 million) programs.
Department of Economic Development and Tourism	Short Term Employment Program ($420,000)

TOTAL GNWT EXPENDITURES $39,879,000

Federal Programs

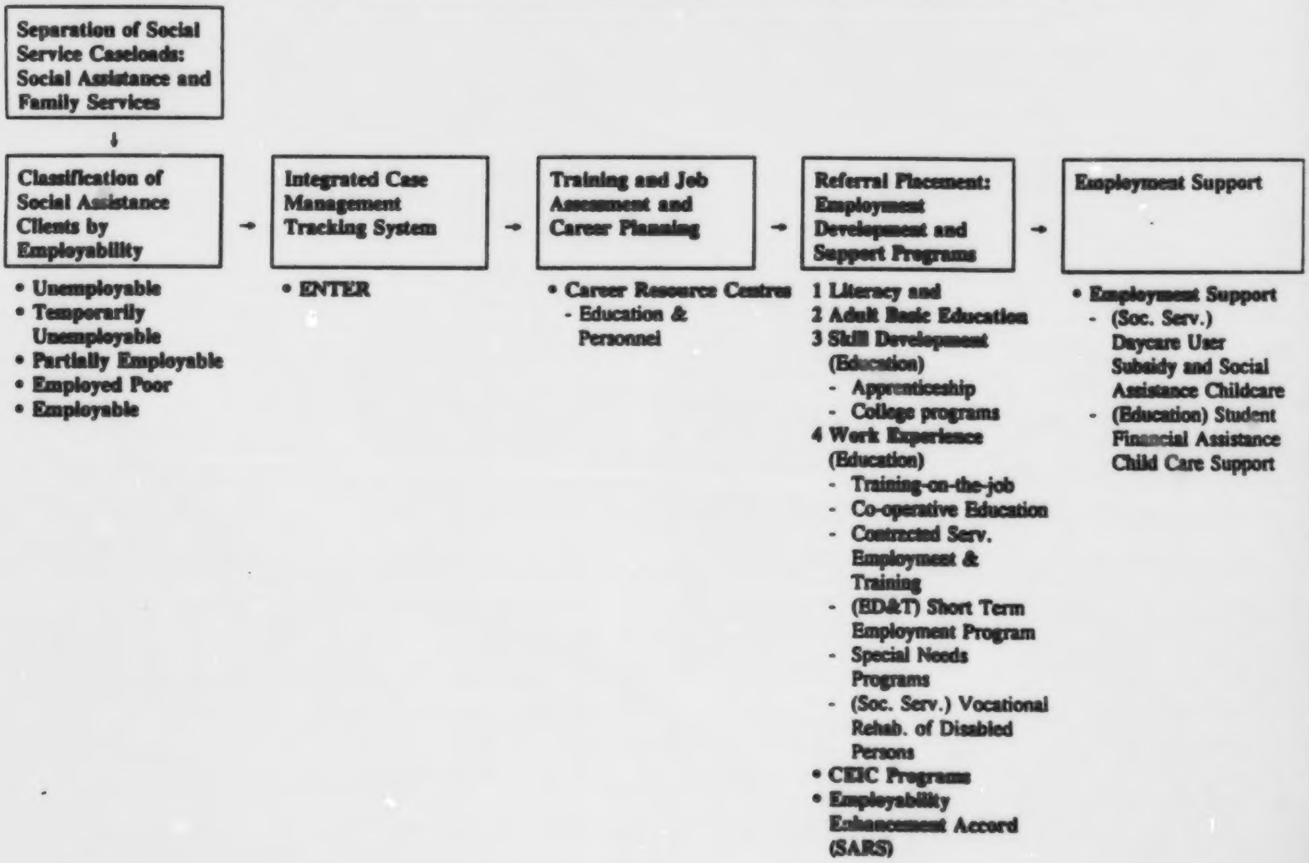
Department	Programs and 1990-91 Budget
CEIC	Job Placement, Employability Enhancement Accord ($750,000), Canadian Jobs Strategy.

The continuum of programs and services in this system begins with the Department of Social Services. The steps in this system are outlined below and described in more detail in Chart 1 which follows (see page 18 below).

- Social Services: Intake, classification according to employability and ongoing financial management of social assistance clients. Where the client is considered to be employable Social Services would refer the client to Education.
- Social Services and Education: Integrated case management tracking system of social assistance clients.
- Education: Assessment of training needs and the development of career plans for employable social assistance clients through career centres.
- Education: Placement and/or referral to GNWT employment development and support programs which are identified in individual career plan. Referral to CEIC and/or GNWT Personnel representatives if/when the individual is prepared for employment.

CHART 1

Employment Development Systems & Income Support Program Coordination Education and Social Services


Separation of Social Service Caseloads: Social Assistance and Family Services
Classification of Social Assistance Clients by Employability
• Unemployable
• Temporarily Unemployable
• Partially Employable
• Employed Poor
• Employable
Integrated Case Management Tracking System
• ENTER
Training and Job Assessment and Career Planning
• Career Resource Centres
- Education & Personnel
Referral Placement: Employment Development and Support Programs
1 Literacy and
2 Adult Basic Education
3 Skill Development (Education)
- Apprenticeship
- College programs
4 Work Experience (Education)
- Training-on-the-job
- Co-operative Education
- Contracted Serv. Employment & Training
- (ED&T) Short Term Employment Program
- Special Needs Programs
- (Soc. Serv.) Vocational Rehab. of Disabled Persons
• CEIC Programs
• Employability Enhancement Accord (SARS)
Employment Support
• Employment Support
- (Soc. Serv.) Daycare User Subsidy and Social Assistance Childcare
- (Education) Student Financial Assistance Child Care Support

DEVELOPING AN INCOME SUPPORT SYSTEM: ISSUES AND RECOMMENDATIONS TO CONSIDER

The identification of employable clients and the development/coordination of training and support programs for such clients based on common needs is a well-recognized programming continuum and good social policy.

Social Services Role in the Development of the System

Social Assistance Caseload Specialization, Classification by Categories of Employability and On-going Case Management

Social workers are now generalists and the social assistance caseload is not separate from family services/child care cases; social assistance is provided without any differentiation of client needs and there is little or no systems support for case management. Nor are social assistance clients classified into categories based on need. Social assistance clients now must reapply monthly for support and the number of cases are totalled monthly. The first step is development of social assistance caseloads so that service specialization can be introduced.

The second step in the development of an income support system is the classification of social assistance recipients (client caseload) into general categories based on employability needs. This classification of caseload ultimately determines the nature of training and resources required to assist clients to move towards a higher level of employability and independence.

The Department of Social Services is presently developing mechanisms to separate income security caseloads from family service cases but as a pre-requisite for their community transfer model. Elements are already in place through demonstration projects in the Baffin. It is also the first step required for implementing an employment development strategy for social assistance clients (an income support system). The next step is to assign some of the departmental generalists (social workers) in the regions exclusively to the social assistance caseload. In provincial jurisdictions these employees are referred to as social assistance technicians, or financial assistance workers.

The social assistance technician is not a highly specialized employee. In most other jurisdictions where social assistance is separated (streamed) from child protection, counselling and referral, their qualifications are not particularly demanding and their pay scale is amongst the lowest in the departments responsible for social assistance.

It is critical, however, that well developed policy, regulations, procedures and systems for the administration of social assistance are in place so that "discretionary" decision making on the part of the social assistance technician is minimal. In short, a technician must rely on strong program and systems support.

To manage and serve clients more effectively, and to enable the development of an income support system (as well as distinguishing between family service and social assistance caseloads) social assistance clients can be classified into groups based on their need, and level of employability. While there are a number of benefits to the Department of Social Services from such a classification system, in the context of this program it is essential that the caseload readily distinguish unemployables from employables. It is the latter category of clients, employable clients, that will be referred to the Department of Education. Examples of such classifications are provided in Attachment 1.

The Project Group recommends:

- The Department of Social Services classify social assistance clients into separate caseloads from other services, such as family services and child care, and assign social assistance technicians to manage these caseloads.
- The Department of Social Services develop a classification system for income security clients based on clients' employability needs. This classification system would then be implemented and managed by social assistance technicians.

Social assistance technicians must have sufficient training to classify clients according to the employability classification system and to monitor their employability status. In other words they have to be able to carry out three basic functions:

1. Determine initial and on-going eligibility of individuals and process payments according to established policy;
2. Classify them according to an established criteria in the classification system based on employability needs; and
3. Monitor clients on the caseload to track any change in status of those in the employable categories. The work required in tracking clients is a critical part of case management and requires the social worker to track and record client progress viz-a-viz their career development plan or ability to "get work", and also to ensure clients are receiving only those benefits they are entitled to.

A benefit of monitoring clients can be illustrated with reference to unemployment insurance. Social assistance technicians will be able to determine whether or not clients are eligible to collect unemployment insurance.

The Canada Employment and Immigration Commission has estimated that approximately $[illegible] million is lost to Northwest Territories residents in unclaimed unemployment insurance benefits. As a result it is assumed that the GNWT is providing benefits through social assistance to individuals who should not be receiving such assistance until they have exhausted their UI entitlements.

The Project Group recommends:

- The Department of Social Services train social assistance technicians assigned to manage income security cases to:

  a. Determine initial and on-going eligibility of individuals on social assistance;
  b. Classify them according to an essentially simple classification system; and
  c. Monitor clients on the caseload to track any change in status of those in the employable categories. The work required in tracking clients is simply to record their progress against an established career development plan and issue benefits accordingly.

The Canada Assistance Plan (CAP) regulations for cost-sharing requires that social assistance recipients identified as employable have to be seeking employment and training. As a result, if an income support system providing employment development programs to social assistance recipients were implemented in the Northwest Territories, employable clients would have to be held responsible to pursue all reasonable opportunities for self-sufficiency. In the extreme, this means that a client who refuses to participate in reasonable employment development initiatives can be denied benefits. CAP also provides coverage to support additional costs to pursue and maintain training or employment. Clients must consistently receive these benefits as an incentive to achieve.

The Project Group recommends:

- Social assistance regulations, procedures and systems be reviewed and, where required, developed to ensure clear procedures regarding client responsibility and eligibility; enforcement measures must be consistently applied across the Northwest Territories.

Education's Role - Employment Planning, Assessment, Counselling and Placement

Career Assessment and Counselling

As noted above Social Service's income security workers will determine benefits and the employability category of social assistance clients. Depending on their employability classification, individuals will be referred to appropriate programs. Those determined to be permanently unemployable will be referred to a "pension" program, and wildlife harvesters will be referred to "Hunter/Trapper" programs. Employable clients will be referred to the Department of Education, Advanced Education division, for assessment and placement through the Career Resource Centres (CRCs). (See Attachment 1).

Education is now restructuring regional offices of Advanced Education as Career Resource Centres for career counselling, development of career plans and referral and/or placement in a GNWT and federal programs. These services and this model could be provided to employable social assistance recipients as well as the general public.

In the model being developed, a CRC counsellor will introduce the client to the resources and services of the centre, assess their training and employment needs and refer the client to testing if required. This will lead to the development of a career action plan with employment as the end result. This plan will reflect the client's skill level and marketability. For low-skilled clients, a multi-year plan may be developed. This plan will be developmental and incorporate regular opportunities for review, update and change as the client progresses through a continuum of skill development opportunities geared to the individual's needs. The Advanced Education staff who are now being trained in employment counselling and assessment are the regional employment development officers, and the apprenticeship development officers.

The Department of Personnel proposes to join Advanced Education in the development of these store-front Career Resource Centres. Equal Employment officers of the Department of Personnel will move to the same facility as the employment development and apprenticeship officers and assist clients by providing information on GNWT job opportunities, interviews, etc.

The Project Group recommends:

- The Departments of Education and Personnel continue to develop the model for Career Resource Centres as per the functions described in the Employment Development Strategy and, that Cabinet approve the development of an income support system that gives employable social assistance clients priority for service through Career Resource Centres.

Case Management/Monitoring

The Department of Education's ENTER system which is implemented in regional Advanced Education offices (proposed Career Resource Centres) can be developed to provide assistance as a territorial client registration system. Presently, Social Services does not have an automated system to identify clients territorially. This is partially addressed in the Kitikmeot pilot project on automation, however, the proposal does not incorporate existing systems such as the Department of Education's Employment and Training Register (ENTER).

ENTER, with modifications to include minimum social assistance data and through modem hook-up, could provide Social Services' offices with personal and employment data including a client resume. A percentage of the 2,300 cases presently registered on ENTER through Advanced Education will be active social assistance clients. Others will have to be registered.

Once the client is assessed and a career plan is developed for a client, a copy would be filed with the social worker and the client. The CRC Counsellor would now take on the responsibility of a case manager. Depending on what resource is required for the skill development opportunity, the client may or may not remain on social assistance. The Master Copy will be stored (electronically filed) on the ENTER System by the CRC Counsellor. The social worker would have access to the master copy at all times. (Note that all the ENTER program design issues discussed in this section are being finalized in 1991-92.)

By using ENTER as a case management tool, client information and the career plan can be updated regularly and becomes the "constant" factor, even during staff turnover. This system must be electronically linked to a social assistance file so that progress can be monitored by the social worker, or if the client is maintained on social assistance, ENTER can provide immediate feed back necessary to retain on-going eligibility.

When placements are made, the on-site supervisor/instructor must be contracted to provide comprehensive support to the client for the duration of the placement (training or employment) and agree to notify the CRC Counsellor immediately if the placement terms and conditions are not honoured by the client. In turn, should the placement not prove satisfactory to the client, they have a "third party" (CRC Counsellor) to call in. This system does not call for the CRC Counsellor or the social worker to provide regular monitoring.

The Project Group recommends:

A comprehensive case management system be developed that links all aspects of the service. To achieve this it is recommended that the Department of Social Services incorporate the ENTER system in their efforts to introduce automated systems into social assistance delivery.

Referral To And Placement In Programs

Once the assessment and counselling has taken place, the career plan will identify the client needs for training or employment development programs, etc. Advanced Education officers in the regions will place people on training and employment development programs available through the GNWT, such as apprenticeship or training on-the-job based on assessed need. Equal Employment officers will be available to refer and counsel clients on job opportunities available in the GNWT. Clients will also be referred to the Canada Employment and Immigration Commission office for other job opportunities when they have the skills required for employment.

Individuals with grade 10 are able to access skill development programs including apprenticeship and college programs, as well as programs such as on-the-job training and co-operative education. Grade 10 has been identified as a benchmark for marketable skills. As a result, where an employable individual is assessed as needing academic upgrading, the employment development counsellor will refer the individual to literacy or adult basic education programs presently being delivered through Arctic College. For those wishing to pursue a full high school diploma, arrangements can be made to continue in adult upgrading. Although it is recognized that few young people drop out of school because they think that they will have an opportunity to be "paid to go to school" later, to discourage anyone from considering this a viable option consideration should be given to referring youth under 21 to return to the regular K - 12 school system for upgrading. (One of the issues proposed for the redraft of the Education Act is the right of students to continue schooling, to a certain age, in addition to the requirement to continue to age 16. It may be reasonable then to require youth up to age 18 (or perhaps 21) to return to the regular school system first before they are referred to adult upgrading. CEIC requires that clients be 18 years of age for pre-vocational training.)

If social assistance recipients are given priority in service, knowing that approximately 80% of social assistance recipients have an education level less than grade 9, basic life skills and adult upgrading should be considered a priority program in the implementation of the income support system.

The Project Group recommends:

- Priority be given to increasing the number of individuals achieving a grade 10 standing. It is further recommended that consideration be given to requiring individuals 21 years of age and under to return to the regular school system (K - 12) first for upgrading.

Other Programs to Consider in the Development of an Income Support System

- The **Short Term Employment Program (STEP)** provided by the Department of Economic Development and Tourism provides wage subsidies for community groups or businesses for the creation of short term employment or training opportunities for unemployed or underemployed individuals or for students requiring seasonal employment. Eligibility is limited to projects sponsored by municipalities, non-profit community groups, Northwest Territories businesses or a GNWT department, in Level 2 and Level 3 communities. Projects may not normally exceed 20 weeks in duration. There has been some linkage to the income support system. This linkage should be strengthened so that employable clients who are ready and would benefit from short-term employment may be directly referred by employment development officers.

- The **Interim Child Care Program** provided by the Department of Social Services has three components: start-up assistance provided to operators, operating assistance provided to operators, and an income-tested user subsidy for parents of pre-school children. The user-subsidy component of this program has not been well utilized and social workers have noted that the forms which must be filled out to access the program are confusing. In the discussion on the Interim Child Care Program (Appendix 6), the recommendation proposes that the subsidy be excised or reallocated to a more needy component of the interim child care program. Another option to consider is to leave the program intact, improve its access and make sure that it is available to support employable social assistance clients when they are referred to training, etc.
- The **Vocational Rehabilitation of Disabled Persons Program** is a cost-shared program administered through the Department of Social Services and governed by a federal act and an agreement with the federal Government. There should also be coordination between this program and the income support system. Some clients who are considered to be unemployable will be referred to this program as well as some clients who are temporarily or partially employable.
- The **Employment Enhancement Agreement** is a cost-shared agreement with the federal Government and is administered by the Departments of Social Services and Education. It provides for training for social assistance recipients. This program would become part of the income support program.
- **CEIC** has an office in each regional centre except the Kitikmeot which is served through Yellowknife by an outreach worker. There should be good communication of information and coordination between the GNWT income support system and CEIC.
- The **Canada Assistance Plan** is a federal program which provides cost-sharing of incentives to support employment and training initiatives. These include the wage exemption and special needs related to employment and training such as work related travel, clothing, special equipment/tools and child care assistance. These benefits have to be regularly assessed and consistently applied to ensure employable clients receive maximum support while pursuing employability initiatives. Such initiatives, funded directly through social assistance, can be targeted to particular clients, such as long term, high cost clients like single parents. An example of enhanced use of social assistance is to increase the number of participants in upgrading by maintaining them on social assistance and paying tuition, books and related costs through the Canada Assistance Plan.
- However, whether or not the **formula financing agreement** will be affected by cost sharing an income support system with the federal government is uncertain. The formula financing agreement is not affected in the situation where, before April 1, 1985, the GNWT offered no programs in an area where the federal government was cost-sharing programs in other jurisdictions in Canada. The formula financing agreement may or may not be affected in the situation where, before April 1, 1985, the GNWT provided programs but these programs were not cost-shared with the federal government, although similar programs in other jurisdictions were being cost-shared with the federal Government.

The Project Group recommends:

- An income support system be developed and implemented in the Northwest Territories in a way which will take best advantage of the cost-sharing provisions in the Canada Assistance Plan.

The recommendations contained in this appendix that address programs and delivery mechanisms must be pursued as a first step in effecting efficiencies. If nothing else is done in light of major organizational change, the above recommendations should result in increased efficiencies through strengthened linkages and co-ordination.

The Project Group recommends:

- As a minimum, that income security and employment development programs be developed through coordination of the programs of two departments: the departments of Social Services, and Education and Arctic College, as they are currently structured. The only change in organizational structure in this recommendation is that the STEP program be transferred from Economic Development and Tourism to Education.

This recommendation requires a high degree of coordination between the departments of Social Services, and Education and Arctic College in order to ensure program effectiveness. Experience would indicate that this can be difficult to achieve, even with a real commitment from each of these three agencies. This recommendation we view as an interim stage in the structural reorganization of departments. It is preferable to house all of the programs in the continuum under a single department of mandate to insure program effectiveness. The preferred option is to establish a single Department of Education and Employment which would include social assistance, Advanced Education and Arctic College in its mandate. Such an alternative is presented in Chapter 4 of this Report dealing with departmental consolidation.

Consideration could also be given to the establishment of this structural reorganization under the Department of Social Services; however, the common northern perception is that Social Services is for "losers" and the thrust to enhance employability is lost entirely.

The separation of caseloads within Social Services coupled with the complexities of the social assistance program and cost-sharing through the Canada Assistance Plan make the task of transfer onerous. Similarly, and understandably, the demands of the K-12 system on the resources of the Department of Education, and the relative smaller scope and resources of Advanced Education limit the ability of Education to smoothly absorb the transfer of the more complex social assistance program. To ensure that policy, program design and management structure are adequately planned for under the Department of Education, the Project Group recommends:

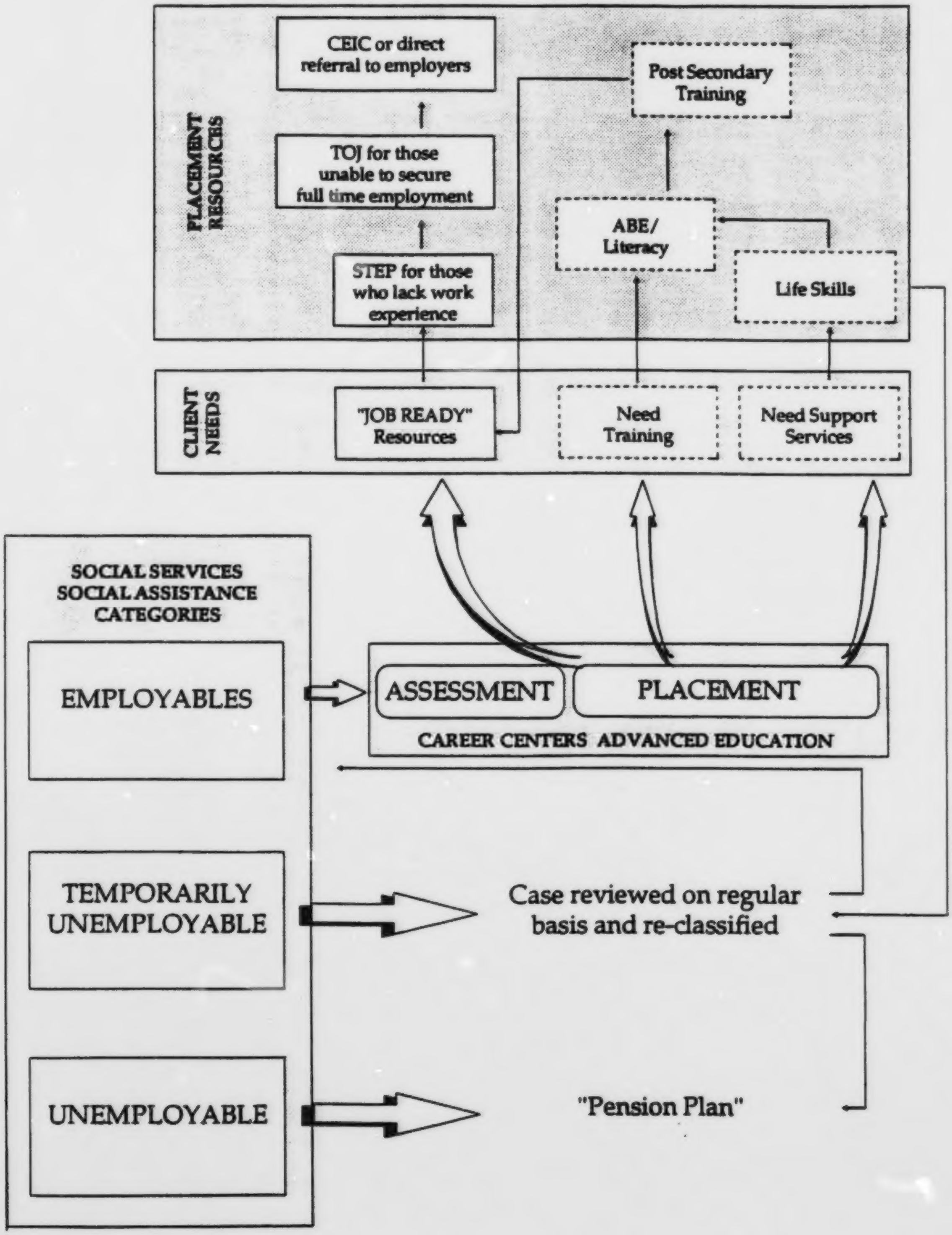
- If Cabinet approves this initiative, the Priorities and Planning Committee direct the Priorities and Planning Secretariat to chair a task force composed of representatives from the Departments of Social Services and Education, in consultation with the Departments of Economic Development and Tourism and Finance (fiscal policy), and Arctic College, to develop the policy and program design to implement an income support system in the GNWT, and prepare this information for the review of the Committee in six months time.

The overwhelming social problems related to growing dependency as seen through rapidly increasing costs of social programs and increasing illiteracy and unemployment rates are of the highest priority to this Government. In this context, the following recommendation, although contrary to our general thrust on integration and departmental re-organization may be worthy of consideration. A new Department of Continuing Education and Employment could be considered in order to create a profile representing a strong political commitment to strengthen northerners' employability through reduced dependency. A new department, created with the same resources needed for the transfer to Education, could do this. Although the argument for profiling should be strictly and rarely used, in our opinion, if there were ever a candidate worthy of the exception, this would be it.

The Project Group recommends:

- Consideration be given to establishing a Department of Continuing Education and Employment with a mandate for delivering all of the programs related to employment development and income support, including social assistance.

INCOME SUPPORT SYSTEM
TRAINING FOR EMPLOYABLE SOCIAL ASSISTANCE RECIPIENTS


PLACEMENT RESOURCES
CEIC or direct referral to employers
TOJ for those unable to secure full time employment
STEP for those who lack work experience
Post Secondary Training
ABE/ Literacy
Life Skills
CLIENT NEEDS
"JOB READY" Resources
Need Training
Need Support Services
SOCIAL SERVICES SOCIAL ASSISTANCE CATEGORIES
EMPLOYABLES
ASSESSMENT
PLACEMENT
CAREER CENTERS ADVANCED EDUCATION
TEMPORARILY UNEMPLOYABLE
Case reviewed on regular basis and re-classified
UNEMPLOYABLE
"Pension Plan"

COST IMPLICATIONS OF THE DEVELOPMENT AND IMPLEMENTATION OF AN INCOME SUPPORT SYSTEM

Some elements of the development and implementation of an income support system can be accomplished without incremental resources. Some elements, as noted below, will require incremental resources but may be offset by other savings (both short and long term savings). It is difficult to provide specific costs and offsets at this time - to do so requires extensive consultation with departments. It is assumed that the need for training and computers and modems will result in marginal increased costs that will not require offsetting resources. It is also assumed that the three areas which will likely result in substantial increased costs (clients staying on assistance longer, volume increase of clients to be assessed, etc., and demand for program increases) may be offset by four possible sources:

- the potential savings in social assistance payments resulting from residents claiming their UI benefits rather than accessing income support. (This sum is assumed to be $1M).
- the possibility that CAP will cost-share the entire GNWT income support system
- the possibility that results of an income support system in the Northwest Territories will be similar to the results in southern jurisdictions. It is the experience elsewhere in Canada that 30% of clients identified as employable do not return to social assistance if they are involved in an income support system. These savings may be realized after about five years of operation, but of the money saved, 95% of the savings are used in the operation of income support systems. Consequently, there may be a net saving of 5%.
- improved management practices, including control of special need items, and consistent application of policy and procedures should realize saving directly from the Social Assistance fund.

These three sources will be identified in the chart below as **potential offset sources.** The other area of increased costs is the Career Resource Centres. This is a separate initiative and the Department of Education estimates costs to be $180,000 for resources, and additional costs for renovations. (It is assumed that these costs will be requested through the OPPLAN.)

CHART 1

Finance	**Cost Implications by Dept.**	**Offsetting Resources**
Social Assistance: Intake, Classification and Ongoing Financial Maintenance	**Social Services:** The development of specialized social service workers trained to assess clients for their employability would result in additional training costs. Employable social assistance clients would be on assistance longer to cover the period of their training. This would result in increased social assistance costs.	**Training:** Incremental costs are anticipated to be marginal and are cost sharable through CAP. The review of community health and social services is recommending that five PYs be transferred to Health, and the review is recommending that responsibility to shelter and care for aged and handicapped individuals also be transferred to Health. As a result, Social Service workers will be responsible for family protection and the provision of social assistance. Although a recent consultants' study assigns 93% of Social Services caseloads to Social Assistance, this % of PYs should not be required. The recommended improvements should result in social assistance technicians able to carry at least double the present caseload. **Increase in Length of Time Clients Receive Social Assistance:** This would result in substantial increased costs, but they may be countered by the **potential offset sources.**

Finance	**Cost Implications by Dept.**	**Offsetting Resources**
Career Centres: Assessment of needs and development of a career plan; and placement in appropriate resource	**Education:** Through assessment of social assistance clients, additional employment development officers/counsellors will be required due to increased volume. There are also increased costs noted to enhance current space as Career Resource Centres, but the development of CRCs is a separate initiative.	**Increase in Volume of Clients Seeking Training and Employment:** This would result in increased costs, but these costs as well may be countered by the **potential offset sources.** The additional costs to enhance resources and space to create CRCs is estimated by the Department to be $180,000 for each of the next five years. This estimate would provide for enhanced training resources in all regions which could be taken to communities. Additional resources will also be required for minor renovations such as book shelves, signs, etc. These additional costs will be requested in the OPPLAN by the Department of Education in conjunction with the Department of Personnel to improve service to the public. It is a separate initiative from the development of an income support system, although CRCs could be used to serve employable social assistance recipients as well.

Finance	Cost Implications by Dept.	Offsetting Resources
Case Management	**Social Services:** The computerization of caseload data will require that computers and modems be installed in social worker offices. If the social assistance program were fully automated, as in some jurisdictions, functions could be further streamlined with technicians carrying higher caseloads. The ENTER program/data base may be accessed in this manner.	**Computers and Modems:** There would be marginal additional costs for equipment.
Programs	**GNWT Departments:** The employment development and support programs identified above are all programs which are in place. There may be a need to expand some of these programs to meet the increased volume of clients, and the greatest need identified is for academic upgrading.	**Program Increases:** With additional clients there may be a need to expand programs. The **potential offset sources** may also offset these costs. (In other jurisdictions, in its cost-sharing of the income support system, CAP has covered the cost of additional training programs.) It is also possible that current contracts for the delivery of adult employment development programs could be expanded, such as the contracts with the Tree of Peace and Project Change in Yellowknife.

Finance	Cost Implications by Dept.	Offsetting Resources
		Further because many Arctic College programs are undersubscribed and class sizes are very small, it would likely be possible to **double current class sizes without increasing the cost of delivery.** (The major costs of the instructor, etc. would already be provided.) This would introduce economies of scale and also contribute to offsetting costs resulting from program increases.
Placement Opportunities	**Education:** Counsellors in the development of a career plan will "place" clients in training programs and/or refer clients to STEP, or the Equal Employment Officer for job opportunities in the GNWT. **CEIC:** Clients will also be referred to CEIC offices for placement in jobs advertised in the private sector.	**Placement:** Placement in jobs in the GNWT or in the private sector will not result in increased costs, rather than increased benefits to Northwest Territories society. The main problem in placement is not cost but the fact that there are not many employment opportunities in small to medium sized communities.

ATTACHMENT 1

EXAMPLES OF CLASSIFICATIONS OF SOCIAL ASSISTANCE CLIENTS BY EMPLOYABILITY

Permanently Unemployable

This category includes people with long-term disabilities, and elderly or handicapped individuals. They form a fairly stable client group, whose number and composition will not change significantly from year to year, and research in the Northwest Territories shows that this group is relatively small. Social Services is presently developing a "pension" plan for such clients and have estimated this group to include approximately 450 clients, 250 of whom are over the age of 60.

This group of social assistance clients would not be referred to employment development initiatives. The onus is on the social worker initially to determine eligibility for benefits in this category, although some clients who cannot be placed in training or employment because they have been assessed to be mentally, physically or socially disabled may be re-classified into this group.

Wildlife Harvesters

The Department of Renewable Resources in conjunction with the Department of Social Services is planning revisions to the assistance programs provided to hunters and trappers and developing a new and more comprehensive income support program for these individuals. Many hunters and trappers receive social assistance and if a new program is developed providing them with a level of income support which would eliminate their need for social assistance, it could reduce the overall caseload for the Department of Social Services by 1,200. However, some hunters and trappers supplement their income by working part-time in the wage economy. These individuals could be considered for employment development programs and, as a result this category of clients would overlap with other social assistance clients who are partially employable (other seasonally employed individuals, etc.).

Partially Employable Clients

This group includes those individuals who for a variety of reasons will not be able to achieve or hold full time employment. Some of the reasons individuals may be included in this grouping of clients are: age, handicaps or social reasons such as familial responsibilities. Nonetheless, part-time or seasonal employment may be possible for these clients. Although this group will not be targeted for employment development, all benefits and incentives should be made available to them.

Temporarily Unemployable Clients

This client group includes individuals who normally would be employable and available for work, but for some temporary reason require assistance. These individuals may include those who have a short-term disability, who are pregnant, or who have young children requiring care.

Social assistance to this client group could be handled in much the same way as the majority of social assistance cases are now handled - that is, by periodic evaluations assessing the client's need and providing assistance based on those assessments. Case management procedures must be in place to ensure regular reviews of this status and their re-classification and referral to assessment when they become employable.

Individuals in this category may have barriers to employment that are not immediately obvious. Upon assessment, individuals may be referred back to social workers for assistance that is not within the continuum of employment services, including alcohol or drug counselling, outstanding conflicts with the law that constrain their options (e.g. Fine Option obligations, pending court, etc.). Responsibility for support services and mechanisms for tracking progress vis a vis the barrier to employment development must be jointly developed.

Employable Clients

This client group includes people who are available for employment and willing to work but for a variety of reasons, cannot obtain employment. The recidivism research shows that a large proportion of the social assistance client group falls into this category, and that the majority of this group cannot obtain employment because of factors which are beyond their personal control - for example, availability of jobs, lack of training opportunities, lack of child care.

These individuals require social assistance to enable them to survive on an interim basis, but they also require a wide range of support programs designed to enable individuals to take advantage of existing employment opportunities. These "supply side" programs include work experience, training, literacy and upgrading, and child care tailored to the needs of trainees. Without upgrading their skill levels, these individuals can be expected to return to the caseloads. Support programs for this group should be matched to "demand side" programs designed to increase the number of jobs available.

Employed Poor/Underemployed Clients

This group includes heads of families who are employed, but at such a low wage that their income is still not sufficient to support their families without requiring supplementation through social assistance or some other program. The recidivism research indicates that this is a significant client group on social assistance in the Northwest Territories, requiring a "top-up" to their wages in order to provide for their families.

Some of these individuals, however, are interested and capable of progressing in their field or wish to change occupations. On the job training or higher education are two means to help individuals achieve this and reduce dependency on social assistance.

APPENDIX 3:
PROGRAMS FOR SPECIAL TARGET GROUPS AGED AND HANDICAPPED

BACKGROUND/DISCUSSION

Three departments are primarily responsible for providing services, including residential and shelter services, to aged and handicapped residents. Delivery of some programs involves two or three departments. There are some areas of confusion regarding responsibility areas.

Programs for the aged and handicapped are as follows:

Shelter-Related

- Coordinated Home Care: Coordinated home care refers to a comprehensive program which arranges services such as home nursing, home support services (e.g. homemaker, Meals on Wheels) and may also include professional services, neighbourhood services and equipment loans. The program is funded jointly by Health and Social Services, and is available to clients residing in all residential facilities. Regional Coordinators report to hospitals or regional health boards. Comprehensive programs are in operation in only six communities, but components are available elsewhere. There is a user fee for the Meals on Wheels element of the program; all other costs are covered by the departments.
- Nursing Homes: Nursing homes are the responsibility of the Department of Health. There are six facilities in the Northwest Territories which can accommodate clients requiring Level III care. Several are combined with personal care facilities under one roof. User fees ("co-payments") are in effect but are not standardized.
- Personal Care Homes: Personal care homes are jointly administered by Social Services and Health. Clients are individuals requiring Level 2 care. User fees have recently been standardized at $350/month. The Northwest Territories Housing Corporation builds senior citizens' personal care homes with funding provided by the Department of Social Services. Cost-sharing arrangements with CMHC for operating costs apply to some facilities. Social Services pays all O&M costs on facilities run by non-profit organizations. There are six facilities in the Northwest Territories.
- Senior Citizens' Homes: Seniors' residences are built and maintained by the Northwest Territories Housing Corporation with capital funds provided by Social Services. NWTHC is responsible for O&M costs. Capital and operating costs are cost-shared with CMHC contributing 75%. Extra program costs and personal care costs are covered by Social Services.
- Institutional Care: The Department of Health provides institutional care for aged, disabled or chronically ill residents on a long-term basis.

There is some confusion about who should be the lead agency in negotiating CMHC funding for aged and handicapped residential facilities - Department of Social Services or the Northwest Territories Housing Corporation.

Non-Shelter Related

A variety of services are available to individuals through the Department of Social Services, including:

- counselling for aged and handicapped adults;
- day care for aged and handicapped adults;
- vocational rehabilitation for handicapped adults.

The department also funds community and non-profit groups to provide rehabilitative services and programs to aged and handicapped adults.

There is fairly high degree of overlap between the programs run by the departments of Health and Social Services, primarily at the headquarters level.

Some personal care facilities are built and operated by the Department of Social Services (in cooperation with Health). Others are built and operated by non-profit groups, through funding arrangements with the GNWT. Of those owned by GNWT, some are operated on a contract basis; others are staffed by GNWT employees. There is pressure throughout the Northwest Territories for non-GNWT employees to achieve wage parity with GNWT employees, thus there is little potential for cost-saving through contracts with the private sector.

In January 1990 the FMB approved a standardized user fee of $350/month for residents in personal care homes, regardless of the residents' ability to pay. Approval of the fee involved a slight increase in GNWT funding required to operate the facilities ($20,000). The primary rationale for the fee was that it would leave seniors receiving the Guaranteed Income Supplement and Territorial Income Supplement with sufficient income to contribute towards the well-being of their families.

The Departments of Health and Social Services are intending to develop a policy or Memorandum of Understanding, to provide a framework for the delivery of Coordinated Home Care.

The Department of Social Services has continuously lapsed funds in the Aged and Handicapped accountability area for the past several years. A recent report requested by the FMB identified the following factors contributing to lapsing of funds:

- deferral of capital projects (primarily to allow for community input):
- difficulty of projecting capital costs because of the many funding options which must be explored (e.g. possibility of cost-sharing under at least two CMHC programs);
- lapsing of budgeted O&M funds as a result of capital projects deferral;
- department's need to assign training and organizational priority to programs with a statutory basis, and to programs of an emergency nature such as child sexual abuse;
- staff turnover at the regional level and shortage of staff at the headquarters level;
- community emphasis on development of facilities rather than community based support programs.

Departmental consultants recently recommended that the department negotiate the transfer of aged and handicapped programs to the Department of Health. This was based on a perception that the Department of Social Services' mandate has been too broadly interpreted, rather than on an analysis of efficiencies to be gained by integration.

The 1991-92 report of the Standing Committee on Finance recommended that the Department of Social Services maximize the use of home boarding for a number of client groups, and pursue the possibility of boarding individuals with families in public housing units, thereby cutting overall costs to government.

CONCLUSION

Insufficient data were available to allow a detailed analysis of precise areas of program overlap, and costs associated with the programs cited above, to be conducted. Elements of Department of Health programs for the aged and handicapped are not carved out in either the Programs and Services Manual, or the Main Estimates.

It is difficult to ascertain the exact number of PYs devoted to these programs in the Northwest Territories, as regional staff are attached to hospitals or health boards, and much program delivery is done through contracts with the private sector. PYs at headquarters are minimal in both the Department of Health and Department of Social Services.

Analysis of the cost savings available from implementation of increased user fees and cost-sharing of nursing home and personal care programs cannot be done in detail until better data are available.

There may be areas of federal cost-sharing which could be accessed more effectively, including the following:

- There appears to be confusion over which CMHC programs provide optimal cost-sharing for aged and handicapped facilities.
- Residence in personal care facilities for senior citizens is eligible for cost-sharing under the Canada Assistance Plan (CAP), assuming CAP criteria are met. One requirement for cost-sharing eligibility is that the user fee charged to residents must represent a certain proportion of the senior citizen's income received through the Old Age Supplement/Guaranteed Income Supplement. The present standardized user fee of $350 per month is too low to meet this criterion.
- There may be opportunities for increased cost-sharing under the Vocational Rehabilitation of Disabled Persons agreement (VRDP).

Increasing user fees will yield minor revenues, and may enable CAP cost-sharing to be accessed.

Staff of all three departments involved in providing shelter-related services have expressed frustration with existing administrative procedures. Although amalgamation or integration of aged and handicapped programs would not provide an immediate significant yield in terms of PYs and financial savings, it might result in significantly improved program administration, fewer lapses in funding, and more effective accessing of federal cost-sharing opportunities.

Community support programs may be a less costly means of providing support to aged and handicapped than construction of residential facilities. Such programs are hampered by overcrowded housing, lack of basic amenities such as electricity and running water, and social problems including alcohol abuse and family violence. However, it may be worth exploring the possibility of increasing the emphasis on developing and implementing such programs, involving not only volunteers but paid community workers to deliver them.

RECOMMENDATIONS

The Project Group recommends:

- Delivery of all programs for special target groups (aged and handicapped adults) be coordinated from one administrative centre of responsibility, and administration should be located within the Department of Health.
- All shelter-related programs be made available to the public on an income-tested or means-tested basis, pending a review of the formula financing and cost-sharing implications of each option.
- The basic co-payment be raised from $350 to $500 per month.
- Further research be conducted into the potential for increased access to federal cost-sharing in this program area, and cost-sharing under the Canada Assistance Plan be vigorously pursued.

ESTIMATED BENEFITS

Integration of all programs under one administrative centre would result in more efficient and effective program delivery, as well as potential PY savings.

In addition, an annual savings of approximately **$1,645,800** has been estimated (see detailed calculations below). This is only a very rough estimate, as detailed information on numbers of beds available for Level II and Level III care, and average costs per month to maintain residents in care facilities, are not available. It also assumes that the GNWT could successfully negotiate CAP cost-sharing.

The calculations below assume that there are 72 beds for Level II and Level III individuals in personal care and nursing homes, but make no distinction between the two levels of care. An estimated cost per month per resident of $3,825 has been used, based on an averaging of the 1990-91 operational costs of the Aven Seniors' Centre and Woodland Manor.

a) increase of standardized user fee from $350 to $500 per month (increase of $150):

72 beds x $150 x 12 months =	**$129,600**

b) introduction of income or means testing, assuming 5% of current residents can pay full costs:

Full cost of maintaining 5% of residents:

4 residents x (3825 x 12) =	$183,600
Subtract user fees already collected	24,000
Potential savings	**$159,600**

c) accessing cost-sharing opportunities through the Canada Assistance Plan, assuming 95% of residents are defined as "in need" and therefore eligible for cost-sharing:

Full cost of maintaining 95% of residents:

68 residents x (3825 x 12) =	$3,121,200
Subtract user fees already collected	408,000
Cost-sharable balance	$2,713,200
Potential savings at 50%	**$1,356,600**

(Note: Estimated monthly operating cost per resident of $2,778 is based on an average of the monthly cost to maintain a Level II resident at Aven Seniors' Centre, and at Woodland Manor, in 1990-91.)

APPENDIX 4:
FEDERAL/TERRITORIAL ROLES AND RESPONSIBILITIES

DUPLICATION/OVERLAP

The federal Government continues to provide a wide range of services and programs in the North. Most of these are national programs which are delivered throughout Canada, however some are unique to northern areas and directed primarily at the aboriginal population. Each year, DIAND, on behalf of the federal Government produces the Annual Northern Expenditure Review Plan (ANEP), which provides an overview of the expenditures and person-years of the Northwest Territories, Yukon and federal Governments on programs and activities which benefit the residents of the Northwest and Yukon territories. This document records these expenditures in two ways: a. expenditures made **in the North** (location of responsibility centre); and b. those made **in the South** on behalf of the North (location of principal benefit).

Total expenditures are as follows:

Type of Federal Expenditure	Total 1989/90*	
NWT - location of responsibility	$ 207,206,000	(p.68)
NWT - location of principal benefit	$ 331,510,000	(p.113)
NWT - Federal PYs	1,613	

In the Northwest Territories, there are some areas of shared jurisdiction where the federal Government is involved in direct delivery of programs and/or services. Concern is often expressed by residents regarding the confusion and apparent duplication of programs at the community level being provided by the GNWT and the federal Government. Negotiations on these areas of overlap could result in a single agency delivering the program, while both agencies provide funding. Alternatively, it may not be necessary in these times of fiscal restraint for two agencies to fund and deliver programs which address similar needs. The upcoming Constitutional talks are likely to provide for Federal/Provincial/Territorial discussions on areas of shared jurisdiction; and in anticipation of territorial involvement in these talks, the 1989-90 ANEP was reviewed to determine programs for examination.

The Project Group recommends:

- These areas should be examined by the GNWT with respect to efficiencies which may be gained in streamlined and coordinated **program delivery.**

Attached are the listings of the federal programs outlined in the ANEP document which pertain to the Northwest Territories. The listings are given for the departments and programs which have their responsibility centre in the North, and for the departments and programs which provide a principle benefit to the North.

Extracted from these listings are the following programs which may indicate areas of overlap with programs offered by the GNWT. The selection criteria used to determine these programs consisted solely of an examination of the ANEP document with reference to broad program areas currently managed by the GNWT. It is a subjective examination conducted at the general level of departmental and program objectives and no detailed examination of program elements was conducted.

The Project Group recommends:

- Detailed examination of program elements should be conducted prior to talks with the federal Government. This examination should include resources available, program rationale, specific client group, and opportunities for economies.

DEPARTMENT	PROGRAM NUMBER	PROGRAM	AMOUNT ($000's)	PY
DOE	700	Environment Protection Service	1,170	14
	710	Canadian Wildlife Service	170	1
EIC	412	Human Resource Development Programs, Training, Job Creation	10,038	28
	413	National Employment Services	971	19
INAC	415	Vocational And On The Job Training For Natives, Counselling For Northern Students in Southern Canada	445	0
	420	Special Employment Programs and Monitoring Joint Agreements	170	2
		Economic Development For Indians and Inuit		
	460		1,186	5
	710	Northern Science Training Programs, Advise on Northern Scientific Matters		
			76	0
	953	Band Management		
	961	Exploration, Development And Conservation Of Non-Renewable Resources	3,080	5
	975		1,993	24
		Renewable Resources - Management Of Land, Water and Forests		
			10,917	88
IST	400	Increase Industry, Tourism and Commerce, Aboriginal Economic Development Program	6,492	7
PSC	410	Native Northern Careers Programs	2,770	50
TOTALS			39,478	243*

NOTE: * The totals of these program listings do not equal the totals listed in the ANEP document and noted above under 1,2, and 3. Many categories show a 0 balance, either the program no longer exists or the departments did not reply to DIAND's request for information. Some of the figures for programs which were examined appear to be inaccurate, however, no attempt was made to correct them as detailed examination will be needed prior to Constitutional talks.

APPENDIX 5:
MEDICAL TRANSPORTATION

PROGRAM DESCRIPTION

Overview

Federal health care standards insure that all Canadians have access to basic levels of medical care ("insured medical services"). Because this access is difficult in the Northwest Territories, where a small population is spread over a large area, a scheme for medical transportation was devised by the GNWT to allow access by all Northwest Territories residents to insured medical services. This scheme comes into effect after the employer's medical plan (if any) of the resident has been exhausted.

This plan for medical transportation for residents of the Northwest Territories is set out in the Medical Travel Policy (91.02), last revised in May 1990 (the "Policy").

Whenever Northwest Territories residents require "insured" medical services not available where they live, they are sent to the nearest centre at which necessary and appropriate services are available. The "nearest" centre might be the regional hospital (e.g. Inuvik, Iqaluit, Yellowknife), the territorial capital (Yellowknife) or the nearest southern location (Edmonton from the West, Winnipeg from the Keewatin, Montreal from the Baffin). Status Indians and Inuit also receive certain limited "non-insured" benefits such as extended dental coverage and drug and alcohol rehabilitation which are also eligible for similar travel benefits.

As a rule, the cost of travel for these trips for medical treatment is paid for by the GNWT. Certain local costs of Status Indians and Inuit are paid by Health and Welfare (Canada) and the "co-payment" of $50 each way for Status Indians and Inuit is picked up by the federal Government. Metis and non-natives are required with certain exceptions to pay their own co-payment and pay their own local out-of-pocket costs.

For reasons set out in the Policy, non-medical escorts have their plane fares paid for by the GNWT. Again, escorts for status Indians and Inuit have certain costs such as local accommodation paid for by Health and Welfare Canada, which, with certain exceptions, are not available to Metis and non-status persons.

The Policy also applies to situations where there is an entitlement to supplementary health benefits, such entitlement depending upon age, ethnicity and disease.

Program Finances

The Northwest Territories Medical Travel Program, which funds the air fare (minus user fees) for all Northwest Territories residents was a $15.5 million program in fiscal 1989-90. There were no PYs or salary dollars assigned to the program in the Main Estimates. In addition to the total patient trips taken of about 26,000, some 10,000 non-medical escort and 3,000 medical escort trips were taken during fiscal 1989-90.

In fiscal 1990-91, $15.5 million was appropriated, but a $3.2 million supplementary appropriation was required to finish the year. Justification for this unbudgeted appropriation was related to the volume-driven nature of the program. The total number of trips has not yet been calculated. There continue to be no salary dollars or PYs attached directly to the program in the Main Estimates.

Travel approval Process

Medical Doctors or Community Health Nurses:

The medical travel approval process starts with the local health care worker approving travel to see a more specialized health care worker. This referrer may be the community health nurse, or may be the medical doctor. If in their opinion, the necessary and appropriate medical care is not available in the local community, a medical referral is made to the nearest centre where appropriate and necessary services are available. Travel is often approved in stages, given that only the expert referred to can determine whether she or he has the expertise to deal with the problem. Often travel is in increments (for example, first a referral from Sachs Harbour to Inuvik; if that is not successful, a referral from Inuvik to Yellowknife, then one from Yellowknife to Edmonton).

The health care worker also indicates whether an escort is required. This determination is based upon an interpretation of the Policy and the Non-Medical Escort Directive of May, 1990 (the "Directive"). The Department of Health recently issued an administrative directive which outlines in detail the appropriate interpretation of the Medical Travel Policy, to ensure more consistent application of the policy by health professionals.

Both the determination of medical travel and requirement of an escort are documented on a medical travel form which is signed by the health care worker.

In their positions, health care workers do not have any control over or accountability for expenses for medical travel requested by them.

Medical Referral Offices

The medical referral form signed by the health care worker is then taken by the patient to the medical referral office (run through the Health Board), where a travel warrant is issued. This warrant can be turned into a plane ticket when accompanied by payment of the $50 per flight co-payment (the $50 for status Indians and Inuit is billed to the federal Government). Full medical travel arrangements are made for status Indians and Inuit; Non-status persons are required to make their own travel arrangements.

In the case of medical travel to the closest point, there are no further reviews of the appropriateness of the referral. Similarly, when the medical travel form indicates the requirement for a non-medical escort, there are no further reviews done.

The Department of Health

The Department of Health processes the payments for medical travel and acts as a resource centre to answer questions from the health professionals and travel referral offices. It also manages some aspects of the program.

Although there are no salary dollars or PYs earmarked to this program in the Main estimates, the following resources have been dedicated to Medical travel by the Department of Health:

- A "Senior Policy Officer, Benefits",
- 2/3 of the time of a "Health Benefits Administrator",
- 3 1/2 Medical travel clerks.

The **Senior Policy Officer, Benefits** has a many-faceted role. She is the policy officer with policy responsibilities in the area of medical travel. She provides advice to health care workers and head office staff in interpreting the Policy as well as administering the Non-Insured Health Benefits for Status Indians and Inuit. Until April 1, 1991, she had Yellowknife travel referral clerks reporting directly to her. (They have since been reassigned to the Mackenzie Health Board).

The **Health Benefits Administrator** is responsible for managing five separate areas, one of which is called Medical Travel but contains management of only some of the full Medical Travel Program. In fact, her "management" of Medical Travel is restricted to overseeing the medical travel clerks, giving advice on the Policy to staff and making case decisions relating to pre-approvals in three areas:

- Extended southern travel: The general rule is that no southern travel is approved beyond the nearest southern point. Pre-approvals by exception are made where the health expertise is not available in Edmonton, Winnipeg, or Montreal, as the case may be.

- Extraordinary escort requests: The general rule is that one escort may accompany a patient. Where extraordinary requests are made for escorts, usually for more than one, they must be pre-approved.
- Extended escort requests: Escorts must return on the next available flight and be responsible for their own expenses. Any exceptions beyond those set out in the Policy must be pre-approved.

The position was only staffed in September 1990. Its pre-approval functions were added specifically to provide some management control over travel which was previously not there.

There is no reporting relationship between the Policy Officer and the Administrator, who both report to the Director of Health Insurance Services.

The **Medical travel clerks** process travel warrants and expense claims.

PROGRAM ANALYSIS

General

The Department of Health has only recently assumed responsibility for a large part of the medical travel budget. Devolved from the federal Government, this program was one that, at the time of devolution, was in need of a stronger regulatory framework (less subjectivity) and stronger management where subjectivity in decision making applied. Progress has been made but there is still no clear centre of responsibility for program management.

The present organizational structure of the Program, much improved over the previous year, still needs clarity. The work of the "policy" officer is not restricted to policy work and development, but includes both program delivery and case management. Until recently, it also included a reporting relationship with travel referral clerks, whose jobs were only incidentally connected. This multi-faceted role of the Policy Officer creates grey zones of responsibility between her and the Health Benefits Administrator, who performs some of the program and case functions in relation to medical travel.

As a consequence, neither position has full responsibility over the management of the program and because of this lack of clarity of responsibilities, management of the program is divided and its focus diffuse. Likewise, policy cannot be developed in an atmosphere where programs based on that policy are delivered by both the developer of the policy and a manager of similar rank and function.

The Project Group recommends:

- The Medical Travel Program of the Department of Health ought to be re-organized so that there is one program manager in Head Office with responsibility over all administrative aspects of the program.

Specific Cost Containment Opportunities

The Medical Travel Program would benefit from a more developed management framework and provide cost containment opportunities in the following areas:

Patient Travel And Health Worker Education

The decision as to whether someone travels for medical reasons is left to the discretion of health care workers. Some concern has been expressed that unnecessary medical referrals are made by health care workers as a loss prevention measure in anticipation of liability for medical malpractice. No statistics are available to back this claim. However, given current liability insurance coverage as well as protection under the Collective Agreement (for nurses), this ought not be a driving feature of medical referrals Although the Policy sets out the circumstances to permit medical travel, there are no checks internal to the program to determine whether these circumstances are being adhered to.

The Project Group recommends:

- Whatever the degree of delegation, the final authority and responsibility for decisions as to whether travel benefits are available ought to be with the Department of Health. Authorization of travel ought to be a delegated function which can be withdrawn or redelegated.
- Health care workers ought to be educated about the costs of inappropriate health travel, whether driven by lack of financial accountability or lack of correct information regarding legal liability.

Patient Destinations

The decision as to which hospital a patient can be referred to in the nearest southern centre is left to the discretion of health care officials, with no system of checks from the Department of Health.

The cost of similar services by different hospitals in the same city can vary up to 65%.

The Project Group recommends:

- The Department of Health should negotiate with hospitals in each of the three southern destinations of medical travel (Edmonton, Winnipeg, Montreal) to obtain the best rate available and all patient referrals should be directed to those hospitals. Compliance with this referral practise should be strictly enforced and exceptions should be permitted under limited conditions such as unavailability of services. Although this does not impact directly on medical travel, it represents a significant cost of hospital expenses and is most easily monitored as a part of the medical travel program.

Patient Mode And Cost Of Transportation

The decision as to the mode of transportation and its cost effectiveness is left to health care workers, who have neither the information about nor responsibility for cost of the program, or to medical referral clerks, who have neither the training nor the accountability to make such decisions. This pertains to both the cost of emergency and non-emergency travel.

The Project Group recommends:

- A system of GNWT authorizations for expenditure, similar to that for various levels of contract authorities, ought to be instituted. This would delegate approval of different types of travel to different levels of responsibility. It would be managed and enforced like similar financial commitments in non-medical travel areas like purchases of goods and commitments for service contracts.

Medical travel on high density air routes is frequent and predictable.

The Project Group recommends:

- Negotiate a discount in fares for patients on high density airline routes.

Patient Appointments

The booking of appointments with specialists or for hospital tests is often not co-ordinated to minimize the amount of time spent away from home.

The Project Group recommends:

- Guidelines relating to the timing of airline flights and doctors appointments ought to be set out and compliance should be monitored.

Doctor Community Visits

The information about available general practitioners or specialists soon to be in the region is not readily available or always accurate. Close co-ordination of these trips is crucial to minimize the necessity of referrals which entail medical travel.

The Project Group recommends:

- The program manager ought to co-ordinate this information, ensure its correctness, and monitor its application by medical referral staff.

Southern Doctor Follow-Ups And Education

Southern specialists are not always sensitive to the cost of referrals and follow-up appointments and need to be educated on the costs and delegation of this referral work to northern health care workers.

The Project Group recommends:

- A specific directive relating to the circumstances of follow-up appointments needs to be placed in force and monitored appropriately.
- Education of the specialists to whom referrals are made ought to be undertaken, so that they understand the medical capabilities of any particular community.

Patient Trips To Distant Locations

The decision on when to travel beyond the nearest southern centre as a health benefit, rather than at the cost of the patient, is one which is based on largely discretionary criteria which are difficult to administer. The exercising of discretion unfavourable to the patient periodically results in pressure from above.

The Project Group recommends:

- If an individual chooses to travel beyond the nearest centre where the required medical services are available, the individual should be responsible for all costs beyond that of an economy round trip ticket, minus co-payment, to the nearest centre.

Escort Policy

The escort travel policy, as articulated in the Policy, is inconsistent with the way it works in practise.

The Policy sets out four circumstances where non-medical escorts are allowed:

- The patient is a child;
- The patient is physically or mentally incapable;
- The patient requires interpretation during travel;
- The escort needs instruction on how to care for the patient after discharge.

In practise, escorts are also approved when:

- The patient needs "emotional" support. There are legendary examples of approval of escort travel on this basis.
- The patient or his/her family demand an escort as a "right". Frequently, the medical care worker accedes. Less frequently, the administrators accede. Sometimes sufficient "political" pressure is exerted.

Escort requests falling into the last two categories should never be approved unless the policy is changed. They are continuously approved, however, because of the way the escort approvals are managed. The decision to use an escort is made by the health care worker. If it is a "normal" escort - that is, to the closest appropriate centre - then there is no review of the referral. Non-compliance with the criteria in the Policy is impossible to police, and escorts travelling for other reasons are a frequent occurrence.

Compliance with the escort policy would produce savings. Based upon the information currently available, it is impossible to determine how much of the non-medical escort component of $4.2 million (25% of the total budget for medical travel) is for escorts who are travelling in contravention of the Policy. No information separates escort approvals into the different categories provided in the Directive. This additional information would be enormously useful in further analysis.

The Project Group recommends:

- Ensure compliance with the present written Policy on escort travel. **As a small first step in this direction, the medical** travel forms ought to require the recommending health care worker to identify for which of the four reasons the escort is being approved.

The Policy allows for a second non-medical escort only in "rare situations", but gives no indication of what these might be. The Operations Manual gives the Health Benefits Administrator the right to approve a second non-medical escort, but sets out no criteria and doesn't mention the word "rare". This minor difference, combined with wide discretion of the Health Benefits Administrator makes any "second escort" requests difficult to reply to.

The Project Group recommends:

- If there are any circumstances envisaged where a second escort is actually required, these should be spelled out in the Policy and the Manual for the benefit of the administrators. If there are to be no circumstances where a second escort is required, this should be stated and applied. If the circumstances are "rare", this should be clearly conveyed in the Manual as well as in the Policy. The less discretion given to the program manager in this area, the easier it would be to administer.

25% of the medical travel budget is spent on people who do not have medical problems. In attempting to reduce this percentage so that a greater proportion of the medical travel budget is spent on medical travel, the number of situations in which a non-medical escort is used could be reduced. The following are examples of considerations to be given to reducing the numbers of escorts:

1. Reduce medical escorts further by eliminating some of the "escort" criteria.
2. Interpret the existing "escort" criteria restrictively.
3. Establish an arrangement with the transporting airline to take on many of the "escort" functions. For example, the interpretation services aboard the commercial airlines in the Eastern Arctic are sufficient to eliminate the necessity of an "interpreter" escort. Physically handicapped travellers are continually transported on airlines for non-medical reasons without escorts.
4. Establish community based programs in the health clinics to help "escorts" learn how to care for patients following discharge, rather than flying long distances to learn the same thing. This would reduce the numbers of patients required to travel to "learn how to care for the patient following discharge".

The Project Group recommends:

- Review the present escort policy with an eye to cost reduction by trying to keep the program designed for the exclusive use of people who are medically at need. Consider the four approaches taken above in restricting escort costs.

Location of Medical Services

The Department of Health is working on a strategy to weigh the advantage of providing medical services locally which are traditionally those which patients fly south for. Greater savings can be had under some circumstances by providing the medical services locally, either on a permanent basis, a scheduled part time basis, or an as-needed basis.

The Project Group recommends:

- The cost-benefit analysis of the Department of Health in bringing medical services north as opposed to sending patients south ought to be aggressively and continually pursued to minimize costs of medical travel.

Drug and Alcohol Rehabilitation

The federal Government, at the time of the health transfer, also transferred funding for medical travel for certain "non-insured" services for Status Indians and Inuit. The most significant of these "non-insured" services is alcohol and drug rehabilitation.

Unlike most services supported by the medical travel Policy, this service is administered and referrals are made by the Department of Social Services. This has resulted in a referral procedure which is inconsistent with other medical services. Despite the existence of several alcohol and drug rehabilitation centres in the Northwest Territories (for example, Detah, Inuvik, Hay River, and Coppermine), referrals are consistently made to southern institutions, necessitating increased travel costs. In fact, referrals to southern institutions like Poundmakers (a native rehabilitation centre near Edmonton with an excellent reputation) are often considered "rewards" for successful treatment at a local centre first.

The Project Group recommends:

- The alcohol and drug rehabilitation program should be treated consistently with "insured" medical services - i.e. there should be referral only to the nearest rehabilitation centre, and not automatically a referral out of the Northwest Territories.
- Alternatively, rehabilitation referrals and the medical travel for such referrals ought to be managed out of the same office, requiring the balance between resources and referrals.

Increase Of Patient Co-Payments

- Presently, the "co-payment" for medical travel is $50 one way, $100 round trip. This payment is made by Health and Welfare (Canada) for Status Indians and Inuit and self-paid by Metis and non-natives except for in relation to Extended Health Benefits. The amount has not changed since about 1976, when a decision was made to charge a medical travel co-payment, which would reflect about 25% of the average cost of an airplane ticket. There has been a considerable increase in the cost of air travel since 1976.

The Department of Health billed $1,270,000 to Health and Welfare (Canada) for co-payments in 1989-90. Its medical travel costs were reduced by a further $110,000 in 1989-90 through co-payments by Metis and non-natives. In cases where co-payments were impossible to receive up front (like medical emergencies), there were invoices totalling about $30,000, against about $13,000 of uncollectibles being written off in the same year.

The co-payments billed to and collected from Health and Welfare Canada are contractually agreed upon, with the contract up for renewal in April 1, 1992. Until that time, the co-payment for Status Indians and Inuit must stay at $50; after that time, it may be changed by contract.

If co-payments were kept in line with inflation, the $50 co-payment would now be $135. Doubling the present co-payment would result in a yield as follows:

Status payments:	$1,270,000
Pre-paid:	110,000 *
Net billed(and col.)	17,000 *
TOTAL:	$1,397,000

(Note: * assuming no extra indigents as a result of increasing the co-payment.)

The Project Group recommends:

- Double the co-payment. By doubling it to $100 per one way ticket, and assuming that no one is rendered indigent as a result, the total yield is $1,397,000. Review the co-payment periodically to keep it in line with inflation.

Publicity

An enormous amount of misinformation about medical travel exists. It is fuelled by "campfire horror stories" of abuse, which northern residents seems to have in plentiful supply. It is fuelled by a program where exceptions to rules have until recently largely been tolerated. It is fuelled by lack of clear information about the rules of the game, including confusion over the relationship between the universal medical travel program of the GNWT and various government employees insurance programs. Noteworthy also in this regard is the slight wording discrepancies between different brochures, the Policy and Directives, all of which explain the program.

The Project Group recommends:

- The tightened management of the medical travel program ought to be accompanied by public advertisements and program brochures which set out clearly and accurately what the new expectations of the public will have to be.

GNWT Travel

The Medical Transportation Policy has many features similar to the GNWT employees' medical travel package of benefits, which are accessed by GNWT employees instead of accessing this plan. Most persons who have medical travel anecdotes are unable to distinguish between the two.

The Project Group recommends:

- Tighter management of the Policy requires a co-ordinated approach with management of the GNWT's travel benefits.

Management Resources

- The primary focus of cost containment in the medical travel area must be on a tighter and more developed management. This requires the resources of one additional person to manage all aspects of medical travel. It is expected that significant dollar savings will result.

The Project Group recommends:

- Increased resources of one PY and its equivalent salary ought to be given to the Department of Health for the sole purpose of managing medical transportation.
- Freeze the medical travel budget at the 1990-91 expenditure level of $17.4 million (out of a $15.5 million budget and a $3.2 million supplementary appropriation). This represents a savings of $2.9 million over the department's projected cost for 1991-92. In the event that any additional resources are required, the department should justify its request by indicating what portions of this paper have been implemented and how.

PROGRAM YIELDS

- Doubling the co-payment will result in a yield of $1.4 million.
- The freezing of the medical travel budget will result in a yield of 2.9 million.
- Total yield is $4.3 million.

APPENDIX 6:
INTERIM CHILD CARE PROGRAM

SITUATION/FINDINGS

1. The Interim Child Care Program was announced in February 1989 and came into effect on April 1, 1989. The program was designed as an interim program only. Design of a permanent program was put on hold pending the expected announcement of a federal child care support program which would provide some cost-sharing opportunities. The program has been extended for 1990-91 and 1991-92, as there has been no federal announcement as yet.

   Development of a Child Care Policy (at the level of a government-wide policy) was also put on hold pending announcement of a federal program. The Minister of Social Services has since directed staff to proceed with development of a policy, which would provide the framework for a permanent child care program.

2. The interim program has four components:

   a. start-up contributions to new child care centres;
   b. operating contributions to existing child care centres;
   c. an income-tested user subsidy, based on a regionally differentiated sliding scale; and
   d. provision of training programs and workshops for child care providers.

   The user subsidy was designed to support parents who are employed full-time, or in a full-time training program; and specifically to provide an incentive to get families off social assistance, by ensuring that families are marginally better off with the subsidy than they would be on assistance. Subsidies to employed parents vary according to approved sliding income scales; and vary according to regional scales established by the Department. Parents in training are eligible for support up to the full cost of care.

   Program budget since the program's inception is as follows:

	1989-90	1990-91	1991-92
User Subsidy	$1.2 million	$695,000	$669,000
Grants and Contributions	$648,000	$1.2 million	$1.2 million

3. Take-up of the user subsidy has been considerably lower than projected, while the demand for start-up and operating assistance has exceeded available funds. In 1989-90, the program lapsed $1 million due to poor take-up on the user subsidy. For 1990-91, the Department is projecting an overall lapse of $1.8 million for the Division of Family and Children's Services; some of this lapse is attributed to "fewer day care start-up grants than anticipated...(and) slow uptake of user subsidy due to fewer clients than anticipated."

   The Department has not undertaken a program evaluation to determine why the user subsidy has not been accessed. Departmental funding submissions in 1990 and 1991 indicate that the eligible clientele (i.e. employed parents or parents in training within the approved income range) is lower than originally anticipated. However, two other factors may also come into play, for example:

   - Departmental analyses indicate that many parents are better off on social assistance, i.e. they receive more by accessing child care support through social assistance than they would through the user subsidy.
   - Community social workers are responsible for assisting clients to fill out the application forms, and for determining eligibility. Some regions have complained that the forms are too complicated and the responsibility is an additional burden on social workers. It may be that social workers are not referring eligible individuals to the user subsidy because of the perceived work load.

4. In 1989-90, 18 child care centres received start-up assistance, and 27 received operating assistance. Each centre that is provided assistance to open drives up the demand for operating assistance on an on-going basis.

5. The department estimates that for every five child care spaces created in a community, one new job is also created.

6. Targeted child care assistance is also an essential element of an effective employment development.

ASSESSMENT

Questions requiring research:

- How many clients are actually accessing the user subsidy? For how long? At what level of support (i.e. how much are they getting?)
- Has the Department investigated the possibility of cost-sharing the user subsidy under CAP?
- How many Social Assistance clients are receiving child care support through Social Assistance? For how long? At what level of support?

The user subsidy appears not to be meeting a widespread need, therefore consideration should be given to modifying, excising or reallocating this program.

The department attributes the drop in requests for start-up assistance during 1990-91 to the fact that child care operators require a level of certainty about on-going operating support which is not provided by an interim program. It may also be that the urgent demand for new child care spaces has been addressed sufficiently to slow down the creation of centres.

As noted above, providing assistance to new centres drives up the demand for operating assistance on an on-going basis.

Although the provision of child care is an urgent social need, governments alone cannot be expected to assume the full costs of providing assistance. Business and labour also have a responsibility in this area. For example, employers might be encouraged to provide child care in the workplace as an employee benefit, and unions might wish to pursue negotiation of child care benefits as part of their collective agreements with the government, in exchange for reduced salary increments.

IMPROVEMENT OPTIONS

OPTIONS	PROS	CONS
1. Cut the user subsidy. People in need continue to receive child care support through social assistance; others are supported indirectly through operating support to licensed centres and day homes.	Yield: $669,000 to redeploy towards other government priorities.	Negative political impact; extreme criticism from the child care lobby groups.
2. Reallocate user subsidy to the contributions portion of the child care program.	Not as politically sensitive as cutting the overall budget. Money will go where there is a demand.	There may be some negative political reaction as most jurisdictions have a user subsidy of some sort.
3. Reallocate user subsidy to a targeted child care assistance program tied into employment development.	Targets support to those who most need it.	As above.

APPENDIX 7:
SUPPLEMENTARY HEALTH BENEFITS

INTRODUCTION

Beyond the insured medical services, which the GNWT is required to provide to all residents, there are additional health benefits, which are called supplementary health benefits. They are not mandated by the Canada Health Act, and are not universal. These are age, ethnic, or illness specific programs which each carry their own conditions of application.

PROGRAM DESCRIPTION

Supplementary health benefits can be divided into two broad categories:

1. **Non-insured Health benefits:**

   - The federal Department of Indian and Northern Affairs has a program of supplementary health benefits for status Indians and Inuit which are called "non-insured health benefits". Under this program, these persons receive all drugs and medical supplies, eyeglasses, non-insured alcohol and drug rehabilitation and certain dental services. The policy for provision of non-insured health benefits was established by the federal Government, but the program is administered by the GNWT.

2. **Extended health benefits:**

   - Metis and non-native persons receive "extended health benefits" from the GNWT. These benefits are both age and disease based. All Metis and non-native persons receive a series of extended benefits such as the cost of drugs prescribed as a result of certain diseases, and certain medical-surgical supplies. The package is significantly less than the federal "status" package, in that the coverage is selective rather than complete. (see Extended Medical Benefits Policy dated December, 1990)
   - Metis and non-natives over age 60 receive a richer complement of extended health benefits than those under 60, but not as complete as the "status" supplementary health benefits package. (see the Policy, Part B)

PROGRAM ANALYSIS AND RECOMMENDATIONS

Although it is not our intention to focus directly on supplementary health benefits, there are certain aspects of the supplementary health benefits package which will be addressed by us in order to provide a clearer idea of where savings can be made.

These areas are the following:

Risk shifting by employers:

- The standard provincial approach to supplementary health benefits is to have them apply universally to the population, and let employer benefit plans "top" them up with whatever benefits are made available through the private plan. This creates a situation where the government's delivery of supplementary health benefits is not connected to the additional benefits plan and no amount of tailoring of the plan affects the government's obligation.
- The Northwest Territories is the only jurisdiction in Canada where employees are required to access their employer benefit plan before qualifying for government supplementary health benefits. This is true for all citizens, be they accessing the federal "status" benefits or the territorial non-status benefits. If they do not use their benefit plan, employees are ineligible for the supplementary benefits available through either the federal Government or the Department of Health.
- The natural consequences of this have been that employers have either discontinued their benefit plans for employees (resulting in a savings of money, but a continuation of supplementary benefits) or else they have tailored their benefit plans to exclude government supplementary services. Both alternatives are costly to the government.
- Given the precedence of employer benefit plans over government supplementary health benefits, it is unlikely that anything can be done to prevent this risk shifting. However, there are possibilities of minimizing it by requiring all persons applying for supplementary benefits to be income tested. This would capture and disqualify most workers and all well paid workers whose employers might wish to off-load risk onto the GNWT. It would then be a matter between the employees and their employer whether the employer plan would be strengthened.

The Project Group recommends:

- For all programs where the GNWT pays for extended health benefits, there should be an income testing scheme in place to insure that the benefits are available only to those who are in need.

Addition of supplementary health benefits by "disease condition":

- The extended health benefits model of the GNWT is "disease" based. In other words, extended health benefits flow, not from the need of the person affected but from the type of "disease condition". If the person is afflicted with a disease condition which is scheduled in the Policy (Schedule A), then supplementary health benefits flow. If the person has similar expenses but is afflicted with a disease condition which is not scheduled in the Policy, no supplementary health benefits flow. A list of 14 eligible disease conditions (Schedule A of the Directive) was established, effective June 1987. An additional 19 disease conditions were added, effective April 1990. An amalgamation of the Pharmacare Policy with the Extended Health Benefits Policy in December 1990 resulted in an amalgamation of the disease lists from both policies. Forty-two disease conditions are presently listed.
- There is no cohesive rationale to the selection of these forty-two disease conditions and the exclusion of others. The selection does not use the federal Indian Health Policy as precedent, nor reflect critical thinking of the Department of Health. It omits more chronic disease conditions than it includes. It does not provide favoured assistance to those persons with chronic diseases who can least afford the associated drugs and appliances.
- The rationale for providing supplementary health benefits on the basis of "disease condition" should be revised. If the model were based on need, rather than "disease condition", then a more effective approach could be sculpted to target those persons who ought to be covered by supplementary health benefits, providing a fairer, less arbitrary and more patient-specific coverage.

The Project Group recommends:

- The model for providing extended health care benefits should be re-formulated. Its starting point should be the provision of supplementary health care benefits to those who need them, rather than those who happen to have selective (and randomly selected) diseases. This change in the model can be income neutral with the present model, or cost-containing, depending upon the income threshold set for eligibility.

Alternatively, if there appears to be no willingness to reformulate the model, the present model can still be means-tested, eliminating those persons with the eligible "disease conditions" who have sufficient income.

If means testing for either model is not preferred, a co-contributor scheme could be implemented. A typical scheme would require the GNWT to apply only 80% of the cost. Another scheme would require the eligible person to pay the first (for example) $500 per year, or anything beyond (for example) $5,000 per year. Contributor levels could be adjusted to reflect the desired yields.

The Project Group recommends:

- If means testing is unacceptable, then a co-contributor scheme is an alternative to it.

It is apparent that, with a disease based model, every time a disease condition is added to the Schedule, the costs increase. The addition of any disease condition extends benefits to all persons who have the disease, regardless of their ability to pay. Since the Extended Health Benefits Policy was originally approved by Cabinet, disease conditions are added by the Cabinet, which is an inappropriate way of managing the program. Although we have not been able to confirm it, we have been advised that one of the disease conditions in the Schedule was added as a result of the lobbying of a previous Cabinet by a person afflicted by such a disease. That person, who was the only person in the Northwest Territories with such a disease condition, has now left the Northwest Territories.

The Project Group recommends:

- If the disease-based model is to be retained, no disease conditions should be added.

Metis supplementary benefits:

- It is clear from the description of supplementary health benefits in the Program Description section of this paper that the "fault line" between full supplementary benefits and partial supplementary benefits separates status Indians from Metis and non-natives. Metis organizations and politicians have been lobbying strongly and effectively for a benefit level for Metis equal to that of status Indians. Since the enhanced benefits to status Indians come from the federal Government, the first attempts were to have the federal Government expand their supplementary benefits to Metis as part of their fiduciary duties to aboriginal people. When the federal Government refused to consider this proposal, the focus of the pressure groups was turned on the GNWT. Despite preliminary resistance by the GNWT to take on the responsibilities of the federal Government (if they exist) in this area, the pressure has been strong.
- The first steps in making a decision on this issue require that the cost of the Metis inclusion be quantified. Issues which are presently being researched by the Department of Health include: who qualifies as Metis, who should qualify as Metis, what the population of Metis is in the Northwest Territories, how many Metis have employer plans (and need not be counted, or need be partially counted only), how many Metis are on social assistance (and need not be counted because they are already covered), how many are elders (and are, for the most part already covered). Until these questions are answered, no accurate costing can be done.

- The further consequences of extending supplementary benefits to Metis are also not clear. Based on the GNWT's general policy of no discrimination based on ethnicity, there will be great pressure to increase supplementary benefits for non-natives. This would drive costs up to unknown levels. It would also make unnecessary the "need-based" supplementary health benefits model (discussed in the previous section on benefits by disease condition), because supplementary benefits would be extended to all.

The Project Group recommends:

- The costs of extending health benefits to Metis must be rigorously examined before their inclusion is confirmed. Preferably, the "need-based" model for supplementary benefits should be offered as the GNWT's substitute for the federal denial of responsibility.

APPENDIX 8:
LEGAL AID IN THE NORTHWEST TERRITORIES

PROGRAM DESCRIPTION

The expenditures for Legal Aid in the Northwest Territories in 1990-91 were $4.644 million. This was a significant increase over the 1989-90 expenditures which were $3.566 million and 1988-89 which were $3.404.

The program is funded by a cost-sharing agreement with the federal Government, whereby the federal Government contributes about 50 cents of every dollar. In the most recent agreement (signed March 1988), Canada capped its contribution at the level of fiscal 89-90 (about $1.725 million). Legal aid costs have increased by 37% since 1989-90, and all of this increase is being borne by the GNWT.

Legal aid funds are principally spent in three areas. The figures for 1989-90 and 1990-91 show the expenditures in these areas as follows:

	1989-90 (000's)	1990-91 (000's)
Salaries and Wages in Head Office:	132	140
Contributions to Legal Aid Clinics:	1,504	1,839
Payments to Lawyers		
Fees:	1,600	2,167
Disbursements:	400	*

(Note: * Not yet ascertained)

The Seamless Web

A large part of the increasing cost of legal aid has to do with the increasing involvement of the criminal justice system in the communities of the Northwest Territories. In realizing the impact of the criminal justice system on the communities of the Northwest Territories, it is evident that legal aid cannot be looked at in isolation from the rest of the criminal justice system: the RCMP, the Crown prosecutors, and the Courts. Each of these parts of the criminal justice system has seen large increases in demand, and large increases in costs. Legal aid as the last part of the continuum is necessarily reactive to the activity of the RCMP, the Crown and the Courts, and its costs are driven, to a large extent, by these external programs.

A few examples of the action and interaction of legal aid with these other components are the following:

- RCMP: Intake into the legal system begins when a charge is laid. This is done by or through the RCMP. For many reasons, the number of charges laid has grown dramatically over the last few years. Whenever the RCMP lay charges, the "system" must respond. This means, in many cases, that legal aid is moved to process the application and appoint counsel for the accused. The ripple effect of almost every charge is felt on legal aid.

  The charging practises and policies of the RCMP are internal to the RCMP, although large derivative costs are borne by the Legal Services Board. Examination of these policies is outside of the ambit of this review.

- The Crown: Crown counsel have discretion to prosecute charges, stay them, or divert them and have a role to play in educating the RCMP in when charges ought to be laid and what evidence is acceptable and admissible. The use or non-use of this discretion and the participation or non-participation in the educating of the RCMP can affect the legal aid caseload.

  How they conduct their cases and their willingness to accept plea bargains affects the time and cost of defence counsel.

- The Courts: In their attempts to provide a thorough court presence in communities to deal with increased levels of criminal charges and to provide full Charter protection to the criminally accused, the Courts have recently extended their circuit travel and decreased the time between charge and trial. These increases in the judicial workload also mean increases in the workload of defence counsel.

Off the System

The Legal Aid program is dependent upon and reactive to the justice system. The Justice system, and especially the criminal justice system does not have much procedural flexibility. Justice is a federal responsibility and frontal changes to it can only be done through amendments to the Criminal Code, which require the approval of Parliament. One can not be optimistic about the speed or capacity of change to this federal legislation. Indeed any national consensus for change in the criminal law is unlikely.

Proceeding, therefore, on the recognition that frontal change to the system will happen slowly if at all, there are ways to decrease the demand on the legal aid program by removing certain aspects of criminal justice from the reach of legal aid.

- Diversion: Diversion is a provincial program whereby properly laid criminal charges are removed from the criminal justice system. Generally, the provincial attorney general's office (in our case Justice Canada) decides to earmark a certain profile of accused and offence. Charges which fit these criteria are "diverted". Cases which fit the person and crime profile, usually including an admission of guilt, are dealt with outside of the courts. Although lawyers are often involved in the initial stages, the offenders are removed from the Courts early on.

  No program of adult diversion exists in the Northwest Territories. No reason exists not to have one. If it existed, all cases which are diverted would also be removed from the ambit of Legal Aid.

- JP Programs: The Territorial Court has been developing a JP program which has as a general goal, the removal from the Territorial Court of properly laid offenses which are not targets for diversion but which are proceeding through the courts. With this removal, goes the removal of Crown prosecutors and defence counsel. These cases are removed to a Justice of the Peace Court, which is staffed by a non-legally trained local person. The greater the success in training Justices of the Peace, and the greater the success in having JP Courts take over responsibility for trying certain types of less serious offenses, the greater the savings in costs to the Legal Aid program.
- Courtworkers: The Courtworkers act as a "liaison" between the justice system and their "clients", the accused. They often remain involved in the cases throughout their duration and offer assistance and sometimes interpretation to the accused. Frequently, they have spoken to sentencing and on occasion they have been prepared to handle, and have handled trials. They could be used to speak to crowded circuit dockets, allowing the circuit lawyer to spend more time interviewing witnesses in preparation for trials. As a substitute for using more counsel, this is an inexpensive alternative. Courtworkers are less expensive to hire than lawyers.

The greater the success of each of these programs, the greater the chance of reducing the costs of legal aid.

Because criminal justice is the only contact that the majority of communities in the Northwest Territories have with the justice system, we do not consider the equally complex relationship between the justice system and family disputes.

It is not our intention to dwell on these areas of concern, nor to make recommendations in their regard. The focus of this paper is on those parts of the Legal Aid program which are susceptible of analysis and treatment independent of the larger concerns of criminal and family justice.

COMPONENT PARTS: DESCRIPTION

Some component parts of the Legal Aid program can be examined in isolation from other parts of the justice system. Those worthy of examination include the following:

Method of Delivery

The legal aid delivery method in the Northwest Territories provides legal aid services in the following manner:

- Circuit work: Private legal counsel are retained by the Legal Services Board to travel on circuit and act for eligible clients throughout the circuit. Most of this work is of the duty-counsel variety, and includes "docket" work relating to first appearances, speaking to bail, speaking to sentence, conducting trials and all other matters arising in relation to the criminal charges against these accused. The hours are long, the conditions are poor, contact with the clients is minimal. Lawyers are paid their expenses plus a "per diem" for work which they do on circuits. It is related to their years of experience at the bar: 0-2 years are paid $375; 2-5 years are paid $465; 5+ years are paid $550.
- Hourly rates: Legal counsel who work for eligible clients in the home community of the lawyer charge by the hour for work which they do. Again, the rate is graduated according to the lawyer's years of call. Students are paid $42.80; 0-2 years are paid $64.20; 2. Five years are paid $75; 5+ years are paid $92. Almost all work done in Yellowknife is done on an hourly basis. Similarly, there are private lawyers in Ft. Smith, Hay River and Inuvik who are paid hourly for cases from their communities. Further, hourly rates are charged for "preparation" time for circuit work, when that preparation time is spent in the lawyer's home community.
- Legal Clinics: There are presently four Legal Aid clinics, in Iqaluit, Pond Inlet, Tuktoyaktuk, and Rankin Inlet. A fifth is being opened in Cambridge Bay. Each of the four existing clinics has one lawyer, who is paid between $15,000 and $30,000 by the clinic to administer the Legal Aid office, and who is guaranteed a minimum income, which is obtained by billing the Legal Services Board on a per diem or hourly basis, as the case may be.

2. Range of Services

The territorial Legal Services Act and its accompanying Regulations do not require that legal aid be provided to anyone: the Act is entirely permissive.

There are, however, certain factors which militate against a complete discretion in what legal services can be provided. The first factor is the Charter of Rights and Freedoms. Although the case law has not yet evolved to where the constitutional limits are known of providing a government paid lawyer for accused persons defending a criminal charge, at some point in the denial of legal aid, the Charter will come into play and force such provision.

The second factor is the cost-sharing agreement with the federal Government. In this agreement, which provides us with about $.50 of every dollar, there is mandatory legal aid coverage in certain areas:

- Criminal law:
  - . Indictable offenses
  - . Summary conviction offenses where there is a "likelihood" of imprisonment or loss of livelihood
  - . Crown appeals

- Matrimonial proceedings: These are classified under "civil" in the cost-sharing agreement.

- "Civil" proceedings: What is classified as "civil other" is a wide variety of civil matters, often considered under the rubric of poverty law. WCB appeals, rental hearings, personal injury, adoption, etc. "Civil" matters exclude those matters agreed by Canada and the GNWT to be excluded.

All of the provinces have similar agreements for cost sharing of the Legal Aid program with the federal Government.

Eligibility

There are both financial and situational eligibility criteria for legal aid.

The federal cost-sharing agreement with the GNWT requires that the GNWT establish "flexible" rules for financial eligibility to the Legal Aid program, which take into account whether the applicant "can retain counsel at his own expense without the applicant or his dependents suffering undue financial hardship."

The territorial Legal Services Act and Regulations establish this flexibility. The Act says at s. 21(2) that:

- A person is not eligible to receive legal services to the extent that, according to the financial criteria prescribed, he can afford to pay for the services from his own resources.

Regulation 21 and Schedule C qualify an applicant for legal aid if "all or most of his income" is social assistance, or where if he had to contribute to legal fees, he would qualify for social assistance.

The territorial Act also disqualifies persons for behavioral reasons from being eligible for legal aid, setting out in Regulation 19, a whole series of activities which disqualify a person from legal aid.

Fee Structure

As shown in the paragraph relating to method of delivery (above), the fee structure is based on a combination of hourly rates and per diems.

Contributions

Presently, a system of contributions for payment of legal aid exists. Contributions are assessed and collected on a largely discretionary basis by the Executive Director of the Legal Services Board. Generally, they relate to the ability of the legal aid recipient to pay. The large majority of contributions are assessed for "matrimonial" or "civil" matters, and criminal clients are rarely assessed the payment of contributions.

Disbursements

Disbursements are those monies expended for legal aid which are exclusive of counsel fees. They include such things as air fare, hotels, meals, photocopying, and expert reports and evidence.

The costs of air fare and duty travel are a non-controllable part of the expenses, driven by the courts. Expert reports are paid for at the discretion of the Executive Director.

In 1990-91, disbursements accounted for 14% of the budget for fees for legal counsel.

Corporate structure of the Legal Services Board

The Legal Services Board is a "public agency" created by the territorial Legal Services Board Act, and governed by the territorial Financial Administration Act. The Board consists of appointed, volunteer members, who are members of both the Bar and the public. It happens to include the Directors of the Legal Aid clinics. The Executive Director is hired on contract to the Board. All other "employees" of the Board are, in fact, employees of the GNWT.

The Board's monies are voted by the Legislative Assembly as a line item in the Department of Justice's budget. The Department of Justice provides financial and administrative support to the Board, in keeping its records and processing payments on behalf of the Board.
Private lawyers are paid with GNWT cheques.

Structure and Relationship of the Legal Aid Clinics

The Legal Aid Clinics are privately incorporated societies, with Boards of Directors from the regions where they operate. They are funded by contribution agreements from the Legal Services Board (LSB) and use part of the monies to run the office, including paying the Clinic Director's salary. The clinics are accountable to the LSB for the money they receive through administration agreements. Their Directors are financially accountable to the Executive Director through similar agreements. The legal work of the Directors is monitored through their submission of accounts to the Board. As community based societies, the budget of the clinics is used for travel for the Board of Directors to board meetings and to conferences such as the Northern Justice Conferences (held in 1991 in Alaska). In one case, 25% of the budget was used for board travel.

Various administrative tasks have been divided up between the clinics and the LSB offices. The Legal Aid Clinics do legal aid intake, but approvals are done at the LSB offices in Yellowknife. All payments are processed through the LSB, however purchasing is not centralized.

PROGRAM ASSESSMENT AND RECOMMENDATIONS

Method of Delivery

It appears to be an accepted thought that "mixed" models for delivery of legal aid are superior, as they lend themselves to the maximum flexibility and objectives of a Legal Aid program. A traditional "mixed" model offers staff lawyers, private "judicare" and clinics.

The Northwest Territories' Legal Aid program contains two of the three elements of a mixed model, "judicare" and clinics. It does not include salaried "staff" lawyers as the lawyers who work in the clinics are not salaried in the usual sense. Salaried lawyers are also a valuable component in a cost containment exercise because salaried lawyers in legal aid circumstances are less costly than privately retained counsel. In fact, as indicated in the following work-up, considerable savings can be made by adding salaried lawyers selectively to the legal aid mix.

Yellowknife lawyer:

- There are at least 250 files per year available in Yellowknife for a Legal Aid lawyer.
- The average cost per adult non-circuit criminal case when done by the private bar and charged hourly is $1,728. The average cost per adult non-circuit criminal case when murder (the main "choice of counsel" case) cases are excluded is $1,212. The average cost per non-circuit matrimonial case is $598. The average cost per non circuit young offender act case is $749. (All 1989-90 figures)
- A medium low file load for a salaried lawyer is 250 files per year.
- The lawyer would do no circuit work.
- The cost of a salaried lawyer in Yellowknife, including O&M and 1/2 PYs is $120,000. (Excluding infra-structure costs)

The cost savings of a salaried lawyer doing exclusively each of the three types of legal aid work are the following:

Adult criminal: ($1,728 x 250) - $120,000 = $312,000.

Adult (exc. murder): ($1,212 x 250) - $120,000 = $183,000.

Matrimonial: ($598 x 250) - $120,000 = $ 29,500.

Youth criminal: ($749 x 250) - $120,000 = $ 67,250.

Iqaluit lawyer:

- There are 250 files available in the Baffin for a Legal Aid lawyer (It is impossible to assess the actual number available by the systems available for our review. It appears to be at least twice this number which are handled by Yellowknife counsel yearly).
- The weekly cost of bringing Yellowknife counsel to the Baffin for infill and overflow work is estimated at $5,500 (fees of $2,500 and travel, room and board of $3,000 per week. Preparation time is ignored.)
- Infill and overflow counsel would be required for Iqaluit as well as Baffin circuit work (including Iqaluit) for 45 weeks of the year.
- The cost of a salaried lawyer in Iqaluit, including O&M would be $130,000. (excluding infrastructure costs)

The savings of a salaried lawyer would be:

(45 x 5500) - 130,000 = $107,500.

This calculation ignores the greater savings created by not considering hourly preparation time and the effect of timing, volume and human effort on the practical ability of one lawyer to spend 45 weeks or partial weeks per year in court.

Ignoring the filling out of the "mixed" model of legal aid delivery, cost containment can be addressed by adding salaried lawyers in those numbers and in those places in the system where savings are largest.

Range of services

The range of services can be reduced in several areas. In criminal law, counsel fees are about 75% of all legal aid counsel fees. The federal cost sharing agreement requires mandatory coverage in certain areas. The only way that the range of criminal services can be reduced is by taking a policy approach to exclusions. A decision could be made to exclude certain types of crimes: liquor offenses, motor vehicle offenses, etc. A decision could be made never to fund territorial offenses. If developed well and wisely (and possibly with an amendment to the federal funding agreement required), this exclusionary policy could act as a social policy tool as well as a cost containment device. Consequently, a serious review of such an opportunity should be considered.

The second area of possible containment of services is in "matrimonial" law. Although a growth area, accounting for 20% of the billings but only 10% of the cases in 1989-90, legal advice in this area tends to be holistic in approach and involves developing facts as opposed to established facts. It cannot be separated into distinct areas like criminal law. The only legal aid services in matrimonial matters which we feel can properly be denied are "uncontested" divorces, where there are no collateral issues. Although these are expressly allowed by statute presently, they are generally refused coverage presently at the discretion of the Executive Director. We support this initiative. These are not services which should be supported by government. Subject to this exclusion, however, we do not recommend reduction of services to matrimonial clients as being realistic without undermining the viability of the program.

The third broad area for consideration is the non-matrimonial civil area. This area contains about 5% of the work (by billings) of legal aid. It is generally centred in areas which are consumer friendly or else are revenue generating. Examples of the former include WCB appeals, rental disputes or uncontested adoptions. Revenue generating files include all personal injury work, where contingency agreements are regular fare in many southern jurisdictions.

Legal aid is refused or severely restricted in all of these non-matrimonial civil matters by some southern Legal Aid boards. In the case of revenue generating work, Legal Aid acting as a bank for the client or a fee guarantor for the lawyer is a violation of the spirit and use of legal aid.

It is our recommendation that non-matrimonial civil matters can be eliminated from the range of services provided by legal aid.

Eligibility

The present financial eligibility test is sufficiently flexible but is difficult to administer and difficult to apply with complete consistency.

We are aware of the anecdotes of abuse of the legal aid system by persons who should not qualify financially for legal aid. However, the present system contains an ad hoc procedure of spot auditing in Yellowknife, which given the nature of the community, is probably time and result effective. There is no serious consideration given to the use of a similar system outside of Yellowknife, given the general economic situation in the rest of the Northwest Territories.

Approval of legal aid on financial grounds is based upon clients being forthright about their financial affairs. Any further system of spot auditing or confirmation of legal aid eligibility will be labour intensive and in order to make any sense, must cost less that the application of the audit. We have neither the time, resources, or data available to determine the existence and extent of abuse and make no recommendations relating to it.

The behavioral eligibility criteria provide an interesting challenge. People are disqualified from legal aid for things they do (getting charged too often), for things they don't do (pay contributions as promised) and for a myriad of other failures. Considering behavioral disqualification from legal aid as a social policy tool would contribute to the decreasing of expenditures, and an interesting set of behavioral criteria could be established. They would probably include some but not all of the present criteria.

Fee structure

There are as many different legal aid fee structures in Canada as there are jurisdictions. Generally speaking, they are divided into two types of structures: hourly rates and block fees. Block fees are a fixed charge for a service (such as $550 per day for circuit counsel work). Hourly rates allow fees for a service to be charged depending upon the amount of time spent by the lawyer. However, all jurisdictions which allow hourly rates to be charged also cap those hourly rates.

Two additional features of most legal aid tariffs include a billing discount for less serious crimes and a billing discount for less experienced legal counsel. Additional less universal features exist which can further modify the tariff.

A schematic diagram of these possibilities is attached.

The distinguishing characteristics of the Northwest Territories' fee structure are:

- the only block fees are the per diem rates for circuit work;
- there are no caps on the hourly rates; and
- the hourly rates are the most generous in the country.

There are no limits to the amount which can be charged for a particular service, short of the billing lawyer's restraint and the discretionary eye of the Executive Director in approving the bills.

The Northwest Territories tariff has only one discounting mechanism; a billing discount for experience of legal counsel.

Capping, blocking, and discounting legal fees should result in a per case savings. However, with the data available, it is impossible to quantify this savings. It is impossible to identify specific non-circuit cases by offence, not possible to separate out guilty pleas from trials, and not possible to identify cases to allow a random sampling to take place. Even selective sampling proved difficult to analyze, since the sui generis reporting procedure makes a proper analysis of the services impossible without personal knowledge of the file.

Given these restraints, a series of criminal and matrimonial cases was selected to be analyzed. Using the legal aid tariffs in Alberta, BC, and the Yukon as templates, the cases were costed as if the offenses had been committed in those jurisdictions. The results were uniform; in each case, the costs of counsel in the Northwest Territories (disbursements excluded) were significantly greater than those in all other jurisdictions. Even when the tabulated bill in that province was grossed up by the hourly rate differential, the fees in the Northwest Territories were significantly greater.

The conclusions are irrefutable: capping, blocking, and discounting will reduce the costs per case. Given the lack of information available to complete the analysis, however, all that can be said further is that the cost savings are presently unquantifiable.

A special comment is in order relating to matrimonial fees. The same blocking and capping which can easily be applied to criminal cases cannot be applied easily to matrimonial cases. The use of the wrong cost-containment device can distort representation: i.e. if there is a restriction on the number of interlocutory applications permitted (like in Alberta), systemic under-representation may occur. If unlimited applications are permitted, but fees are only assessed for court time and not for settlement (as in BC), there is a bias towards matters being disputed in Court. Special care must be taken to devise a tariff which encourages the appropriate resolution of matrimonial issues without creating unnecessary burdens on the program administrators.

It is not our intention to devise a scheme for capping, blocking, and discounting legal fees in criminal and matrimonial matters. This can be done efficiently and effectively by the professionals, and can be tailored to the quantity of savings desired.

A by-product of the capping, blocking and discounting of all tariffs would be a more customized reporting procedure. Presently, each lawyer reporting on legal aid work done, has his/her own reporting and billing style. A disproportionate amount of time is spent by the staff of the Legal Services Board in reviewing, absorbing, and processing these numerous reporting letters and bills. By its nature, the information cannot be coded for useful future purposes. It is also obvious that significant resources of private lawyers are occupied in preparation of these bills as well. This would be eliminated through the use of pre-printed forms. These forms would also capture information necessary for other purposes.

Contributions

An analysis of contributions must recognize the differences between the two major areas of legal aid: criminal and matrimonial.

Accused persons in criminal cases are unwillingly driven to the system. As well, the core services performed for them are court services, requiring court appearances. It is felt by many close to legal aid that a system of collecting contributions from criminally accused persons will not succeed. It is for these reasons that the Legal Services Board usually does not assess contributions from criminal clients. It is also for these reasons that most jurisdictions which assess contributions have difficulties collecting them from accused persons.

It is felt that contributions from criminal legal aid clients should be modest but mandatory, and be part of the intake process so that collection never becomes an issue. The contribution should be pegged at a reliable benchmark; the cost of a case of beer (presently close to $20).

Matrimonial disputes become legal aid files in many different ways. They remain legal aid files for varying lengths of time. There are several opportunities in the course of such files, from instructions to trial, to obtain settlement. Only if there is no settlement, do matters proceed to trial.

A contribution scheme could be used as a control mechanism in matrimonial litigation, but it must be used carefully. Studies elsewhere have shown that an up-front contribution discourages participation. The goal of encouraging participation on the one hand, while controlling the litigation and motivating settlement on the other can be met by assessing monthly or quarterly contributions, which must be paid for the work to continue. It is felt that periodic contributions to their legal dispute will act both as a deterrent to prolonged legal rancour and as a source of income for the plan.

Consequently, a plan ought to be devised which requires criminal applicants to contribute a sum of money up front, while matrimonial applicants ought to contribute modestly up front and on a steady periodic basis. The amounts can and ought to be regulated by a less discretionary policy than at present.

Disbursements

Although not a large part of the budget of legal aid (about 14% of legal counsel fees, 8% of the total budget), disbursements have been rising rapidly.

Adult Criminal disbursements increased 95%, civil disbursements increased 75% and youth criminal disbursements increased 208% between 1988-89 and 1989-90.

A review of the disbursements of legal counsel, itemized by criminal offence or matrimonial service on the GNWT's 1991 Financial Information System (FIS) system gives the impression that disbursements remain a minor cost of providing legal aid. The suggestion by some that disbursements have increased due to the increased use and abuse of "experts" is not borne out by a review of the data. It is the rare case where experts are used and the large cost of experts, even when considered unnecessary in retrospect, is limited to a handful of cases each year. These experts fees are controllable and are, in fact, controlled by the Executive Director's prior approval.

Independent observations by various persons have been made that legal aid is being driven by "circuit work". If this is so, then the costs of airfare, duty travel and accommodations are not controllable by the Legal Aid program.

It is our feeling that the majority of disbursements are driven by the increasing cost and frequency of circuit work. Although controllable, they are only so in the context of a review of court circuits, a review which is outside the scope of our review. Such a review, in conjunction with court services and the judiciary, however, would be worthwhile.

Corporate Structure of the Legal Services Board

Transforming the Legal Services Board into a Commission will produce no obvious benefit, but will result in some unnecessary costs. From a legal perspective, there is no advantage to a legal aid "commission" as opposed to a "public agency". From a fiscal management perspective, there is no difference between the two, either entity being capable of accepting and managing block funding. Even from the "optics" perspective which usually drives the creation of independent commissioners, studies have shown that no benefit is derived from this extra level of "independence".

The disadvantage of establishing an independent commission is that it would be unable to fall back upon the financial and administrative support of the GNWT, resulting in overlaps of duties and costs between the support staff of the Legal Services Board and the GNWT.

It is our recommendation, therefore that there be no change in the present corporate structure of the Legal Services Board except for the exclusion of the clinic directors from membership on the Board.

Structure and Relationship of Legal Aid Clinics

The structure and relationship of the Clinics to the Legal Services Board is too unnecessarily complicated. Lack of simple controls and lack of efficiencies exist with the present structure.

The local Society concept for the Clinics should be abandoned as a vehicle to deliver legal aid. Clinic Directors should be salaried employees of the Legal Services Board, reporting to the Director of the LSB.

The clinics should be funded directly from the LSB, which can make the necessary management decisions to create efficiencies. Some such examples would be the centralization of auditing and purchasing, but the delegation of legal aid approvals.

Immediate savings in this regard would be the cost of travel of community board members. Further savings would come from a more flexible deployment of resources by the manager of the program, the Executive Director.

RECOMMENDATIONS

It is recommended that the following be done for immediate savings from legal aid:

- All non-matrimonial civil legal aid should no longer be funded by the Legal Services Board. The cost of this part of the program, including disbursements, was $122,000 in 1990. With recoveries estimated at $26,000, savings will be $96,000.
- Hire 2 salaried lawyers in Yellowknife to work exclusively on non-circuit adult criminal legal aid. The savings resulting will be $624,000.

- Assess a contribution from legal aid clients as follows:

  criminal clients: Upfront application fee of $20 for each of 3000 criminal cases. Savings: 3000 x $20 = $60,000.

  matrimonial clients: Periodic and continuing assessment, averaging $100 per case. Savings: 500 x $100 = 50,000.

  Total savings will be $110,000.

- Hire one salaried lawyer based in Iqaluit to work on all matters which arise in the Baffin. Because of the unavailability of clear data relating to case volume from the Baffin, we do not recommend further salaried counsel until the file numbers can be verified. The savings would be $107,500.
- Cap, block, discount, and freeze the hourly tariff. Given available data, it is impossible to project the savings to be incurred. We estimate that the savings will be several hundreds of thousands of dollars.

A summary of other, financially related, but non-quantified recommendations are the following:

- A proper data-tracking information system should be devised, so that, even at intake, significant facts are known about the client. This will enable, among other things, cost comparisons (to make fiscal management decisions such as staffing levels for salaried lawyers and rationalizing clinic purchasing), credit checks (for non-payment of previous contributions), and representation decisions (if clients are situationally disqualified).
- A policy should be considered whereby certain criminal offenses are excluded from legal aid coverage.
- "Uncontested" divorces with no collateral relief should be excluded from legal aid coverage.
- A spot auditing system should be put in place to verify client eligibility.
- A "situational" disqualification policy should be prepared to eliminate legal aid coverage from clients for situational reasons which are both rational and consistent.
- A customized reporting system for lawyers should be devised and tied in with the client data base.
- No change should be made in the corporate structure of the Legal Services Board, except for the deletion of clinic Directors from the Board.
- Community legal aid counsel should become salaried employees of the LSB and the societies should be abandoned as vehicles to deliver legal aid.

APPENDIX 9:
STUDENT FINANCIAL ASSISTANCE

PROGRAM DESCRIPTION

Development 1967 - 1991

The Student Financial Assistance Program began as a universal program of assistance providing all residents of the Northwest Territories with the same level of support. The Student Grants Ordinance, approved in 1967, provided grants to cover tuition, books, a living allowance, and the cost of transportation. The grants were available to students for a maximum of four years, provided that the students' parents were resident in the Northwest Territories for a minimum of two years. (The benefits provided to all were similar to the benefits provided by INAC to status Indians and Inuit, but that was not a stated objective of the program at that time. A loans program, which had been in place in the early 1960s, was eliminated in the 1967 Act because of administrative and collection problems.)

The program evolved over the next ten years, and by 1979 a new Act was proclaimed, the Student Grants and Bursaries Ordinance which reduced the number of students eligible for the program. At least eight years of residency and schooling in the Northwest Territories was required for four years of assistance, and a student with less than two years of schooling was not eligible for a grant but could apply for a limited number of bursaries. Bursaries were available to students who had been residents of the Northwest Territories for three years, and the maximum value of a bursary was set at $2,000. At that time the Act and Regulations made no distinctions between aboriginal and non-aboriginal students.

The Legislative Assembly Special Committee on Education was established one year after the new Act was proclaimed. Its first task was to review post-secondary student financial assistance because it was believed that the student weekly living allowance of $56.00 was too low. In 1981 the Legislative Assembly approved the Special Committee recommendations which provided for:

- creation of regional student aid boards;
- integration of the Northwest Territories student aid plan administered under the authority of the 1979 Act and the Canada Student Loan Plan;
- referring students eligible for assistance under the post-secondary assistance program of INAC to INAC - they would no longer be eligible for assistance under the Northwest Territories Student Financial Assistance Act;
- providing assistance to students of Dene, Metis and Inuit ancestry, who were not eligible under the INAC program with assistance through the Northwest Territories Student Financial Assistance Act on the same terms as are available under the INAC program; and

- other recommendations concerning levels of aid for the 1981-82 academic year and the establishment of a number of special grants for priority occupations, mature students and native language development.

In 1982 the Minister of Education tabled a paper, Proposed Northwest Territories Student Financial Aid Program Basic Principles, outlining the Executive Council's response to the Special Committee recommendations. The paper stated that all students of Dene, Metis or Inuit descent would be eligible for the same level of assistance, in the form of a grant, as was available to aboriginal students in southern Canada from INAC. It proposed that resident non-aboriginal students would be eligible for a basic grant based on years of schooling in the Northwest Territories to cover tuition, books and travel expenses, and would be eligible for a loan for living expenses. These loans would be forgivable if students returned to work in the Northwest Territories when they had completed their studies. Non-aboriginal students without Northwest Territories schooling were eligible for a loan only, provided they had resided in the Northwest Territories for a minimum of two years.

This paper was the foundation of the new Student Financial Assistance Ordinance enacted in 1982. The regulations pursuant to that Act provided (supplementary) grants for all Dene, Metis and Inuit students, recognizing that the provision of supplementary grants was "an affirmative action program for the amelioration of conditions of such persons through post-secondary education" [regulation 9(1)].

This legislation was further amended as follows:

- in 1985 to increase supplementary grant allowances;
- in 1986 to repeal grants for mature students, to provide post-secondary incentives, and to reduce the eligibility for basic grants - one year of grant for three rather than two years of schooling;
- in 1988 to establish primary, secondary and needs assessed loans;
- in 1989 to eliminate regional boards;
- in 1990 to increase grant rates and to increase student loan ceilings.

Objectives

The objectives of the current Student Financial Assistance Program are:

- Recognizing that northern students do not have the same educational opportunities available to them as the majority of students in southern Canada, the program is designed to defray the **higher costs of** post-secondary education faced by Northwest Territories students who are required to **travel** long distances to attend post-secondary institutions.
- The program is designed to encourage **aboriginal residents** of the Northwest Territories to pursue higher levels of education.

- The program is designed to encourage all northerners to upgrade their educational training and **return to live and work** in the Northwest Territories.
- The program is designed to **encourage graduate studies** and **recognize academic achievement** at both the high school and post-secondary levels.

Budget Increases from 1984-85 to 1990-91

Post-secondary enrolments have close to doubled from 573 students in 1984-85 to 1057 students in 1990-91 (see Table 1). This increase is largely due to continual growth in aboriginal student enrolment from 118 in 1983-84 to 491 in 1990-91; the enrolment of non-aboriginal students has increased from 458 to over 500 (and in fact it has dropped over the last three years from 577 in 1987-88 to 566 in 1990-91).

TABLE 1

POST-SECONDARY STUDENT ENROLMENTS BY ETHNIC STATUS
1984-85 to 1990-91

	NUMBER OF STUDENTS ENROLED						
ETHNICITY	1984-1985	1985-1986	1986-1987	1987-1988	1988-1989	1989-1990	1990-1991
Dene	20	25	64	79	76	126	183
Inuit	37	28	88	133	128	162	198
Metis	58	58	98	102	121	126	110
TOTAL ABORIGINAL	115	111	250	314	325	414	491
NON-ABORIGINAL	458	474	563	577	568	523	566
TOTAL STUDENTS	573	585	813	891	893	937	1,057

Grants

Expenditures in the form of student financial assistance grants increased during the same period by 523%, from $882,600 to **$4,847,885**.

The total O&M budget for student financial assistance in 1990-91 was $6,391,000. This included a supplementary estimate approved in October, 1990, of $620,000 to provide for an increase in supplementary and basic grants approved in the 1990 Budget Session.

Supplementary Grants: In supplementary grants in 1990-91 approximately $2,311,337 was expended in living allowances, $154,340 in daycare and $199,427 in rental and other allowance assistance. This totals **$2,665,104 for supplementary grants**, and does not include travel for dependents which is part of the supplementary grant (or the basic grant elements: books, tuition, travel and transitional allowance, which supplementary grant students are also eligible for).

Basic Grants: In 1990-91 $639,928 was expended on tuition, $215,592 on books and supplies, $48,511 on transitional allowances, $26,000 on scholarships, $4,202 on correspondence course reimbursement, and $1,222,320 on travel, which includes travel for supplementary grant students' dependents. These sums total **$2,156,553 for basic grants**. (Note that some of these basic grants are allocated to supplementary grant (aboriginal) students, and the rest are allocated to students (non-aboriginal) who are not eligible for supplementary grants.

The preliminary projected average costs for a basic grant student who is not eligible for supplementary grants (non-aboriginal student) in 1990-91 is $2,765.00, including travel, books, tuition and transitional allowance. Thus the **total projected costs for** the 510 strictly **basic grant students** in 1990-91 is **$1,184,730**.

Loans

Expenditures on student loans increased from $1,285,472 to **$2,047,000** (159%) during the same period (1983-84 to 1990-91). The total loans receivable (revolving fund) in 1990-91 was $9,720,000.

Post-secondary Incentive Grants, Scholarships and Correspondence Fees

In 1990-91 approximately $150,000 was awarded in post-secondary incentives, and over $26,000 was expended in scholarships. Also $4,202 was expended on the reimbursement of correspondence course fees.

Types and Levels of Assistance Available

Supplementary Grants:

Dene, Metis and Inuit students who are born and ordinarily resident in the Northwest Territories may receive a supplementary grant which provides:

- a weekly living allowance from $120.00 for single students to $260 for students with four dependants and $25.00 per week for each additional dependant.

Allowances may also be provided for:

- childcare (up to $45.00 a week plus $25.00 for each additional dependant/week for a single parent, or if the spouse is a student);
- two return airfares for the students' dependants;
- special equipment and clothing allowance, if certified as required by the school;
- a tutoring allowance, if recommended in writing by the appropriate dean;
- a special accommodation allowance for high rent situations, if approved by the Minister;
- a special local transportation allowance, if approved by the Minister;
- an emergency allowance to cover the actual cost of emergencies; and
- a special maintenance allowance where the student and his/her dependents must maintain separate households.

Basic Grants:

Non-aboriginal students are eligible for one year of basic grant for every three years of schooling in the Northwest Territories. As a result a maximum of four years of basic grant is provided.

Aboriginal students who are eligible for a supplementary grant are automatically eligible for a basic grant without reference to years of schooling in the Northwest Territories. (No ceiling has been established on the number of years a basic grant may be made available for supplementary grant students.)

A basic grant provides:

- tuition to a maximum of $2,500 per year;
- books and supplies to a maximum of $400 per year;
- travel for two return trips per year to nearest approved institution offering admission; and
- a transitional allowance of $295 for single students and $1,480 to students with dependants who do not have access to student housing for the first year of study.

Post-secondary Student Incentives (Remittable Loan):

All students in the Northwest Territories with at least one year residency may be eligible for a remittable loan of $2,500 to $10,000 as an incentive recognizing special circumstances, such as, high cost programs (aviation and crane operator training). The criteria for this incentive is broad and applicants must be approved by the Minister. Three factors are taken into consideration: if the studies relate to the Northwest Territories, if the applicant has made an outstanding contribution to the quality of life in the Northwest Territories, and if the applicant is needy. The post-secondary incentive is subject to the same repayment and remission conditions as the primary loan.

Special Training Allowances:

Where the GNWT as the employer is funding individuals to take training and the GNWT's share of salary and benefits is $23,538 or less the candidate is considered eligible for student financial assistance (living allowance, etc. and basic grant) in addition to that portion of his salary. This allowance was originally developed for classroom assistants who were taking teacher training. Approximately 40 to 50 candidates are eligible for this type of allowance.

Primary Loan:

Non-aboriginal students who are resident in the Northwest Territories for at least three years are eligible for a primary loan of $3,200 per year for students who receive a basic grant and $800.00 per year for the student's first dependent, and $500.00 for each additional dependent.

Students who are ineligible for a basic grant are eligible for $4,400 primary loan plus $800.00 per year for the first dependent, and $500.00 a year for each additional dependent. (Only needs assessed loans are available to aboriginal students/supplementary grant students.) This loan does not involve a financial needs assessment.

Primary loans are eligible for remission. Loans may be forgiven upon completion of at least 60% of the course load and return to the Northwest Territories. The rate of forgiveness is $750.00 for each three month period of full-time residency in the Northwest Territories once the individual is no longer a student.

Secondary Loan:

Non-aboriginal students who are resident in the Northwest Territories for at least three years are eligible for a secondary loan if they have exhausted their primary loan entitlement. The rates are the same as the primary loan, however, this loan is not eligible for remission and does not involve a financial needs assessment.

Needs Assessed Loan:

All students in the Northwest Territories with at least one year residency may be eligible for a needs assessed loan. The criteria used by the Northwest Territories is similar to the criteria used in the Canada Student Loans Plan and a maximum of $105.00 per week may be provided through this program. This loan, like the secondary loan, is not eligible for remission and must be repaid following a six month interest free period once the student has completed his/her studies.

[In 1988 the GNWT opted out of the Canada Student Loans Program because it was using only $40,000 of the $1,100,000 allocated for loans. Through the opting out provisions of the Canada Student Loans Act the GNWT receives an alternative payment provided the GNWT operates a loan program similar to the Canada Student Loans Program. As a result, the N.W.T. Needs Assessed Loan was introduced in 1988. The GNWT received $849,000 in January, 1991, as an alternative payment from the federal government.]

Scholarships:

Scholarships are available to Northwest Territories residents of at least one year who were resident while earning the qualifying average - $500 to high school graduates with an 80% average, $750 to undergraduate students with an "A" average, $1,000 per year to graduate students with an "A" average and $1,500 per year to postgraduate students in doctoral programs with an "A" average.

A scholarship of $1,500 is also available to aboriginal/supplementary grant students who are enroled in postgraduate studies and who have obtained a "B" average in the previous year of full-time study.

Correspondence Course Fees:

Reimbursement for correspondence course fees, up to $250 per course, is available to all individuals who have been resident in the Northwest Territories for at least three years prior to the beginning of the course, who are not eligible for reimbursement by their employers and where the course was taken through an accredited post-secondary institution and completed successfully.

Contributions:

The GNWT contracts with a number of institutions for student counselling (largely peer counselling). The cost of these contracts is small ($20,000 with the University of Alberta, $5,700 with the Northwest Territories/Calgary Student Association, and $7,000 with the Northwest Territories/Saskatoon Student Association.)

In 1987 the GNWT entered into an agreement with INAC to deliver a federal government program, the University College Entrance Preparation Program. The federal government funds the GNWT $222,000 for 50 students in 1990-91. (Approximately 6% of that contract is supposed to cover the administration of the program as INAC does not have the infrastructure in the Northwest Territories to deliver the program.)

A contract has also been signed between the GNWT and the University of Manitoba for $116,000 for total of four seats in pre-engineering and pre-med programs. (Three students are enroled in this program.)

PROGRAM ASSESSMENT

Department of Education Program Evaluation Findings

The Student Financial Assistance Program has recently undergone a number of departmental reviews. The rates provided to supplementary grant students were assessed to determine if they were adequate; the administrative procedures of the program were reviewed to improve efficiencies; and the general objectives and development of the program were reviewed (largely through a survey of the level of satisfaction of students with the program) to determine if the program was demonstrating some measure of success in its results.

The review of rates resulted in an increase in allowances implemented in 1990 and an overall increase in program costs (supplementary estimate of $620,000). In contrast, the administrative review of the program identified measures which will make the program more efficient and save costs. For example, the supplementary grant program provided emergency allowances as one-time grants and the program has now been changed to provide emergency allowances as small needs assessed loans. A new computerized monitoring system and procedures which make more efficient use of staff time are being implemented. Also it has been decided that the GNWT will now pay for "actual" Christmas travel under the supplementary grant program, rather than providing transportation allowances for students and their dependents automatically whether or not the dependents travelled. (It is estimated that this measure will save approximately $200,000 annually.)

The student survey (see Attachment 3) also provided information which is useful to consider when investigating this program for cost savings. With respect to the respondents opinions on student financial assistance, approximately 28% said that they could have completed their studies without financial assistance. (This percentage was higher for non-aboriginal students than for aboriginal students.) Financial assistance according to the results of this survey covered educational expenses to varying degrees. Respondents indicated that from 5% to 100% of expenses were covered through student assistance. Overall, 47% reported that 50% or less of their expenses were covered and 6% received complete coverage of their education costs. However, looking at the ethnicity of the respondents, 3% of non-aboriginal students said that all their educational costs were covered and 11% of students from aboriginal backgrounds. (No response on this question was received from approximately 12% surveyed.)

When asked what percentage of expenses the program should cover, thirty percent of the respondents believed that it should cover between 75% and 90% of students' educational costs, including living expenses. Twenty-eight percent suggested that it should cover between 25% and 50%, while twenty percent believed that all expenses should be met by the program. The majority of aboriginal students favour more complete coverage of educational expenses.

Comparing Government Student Financial Assistance in Canada

The Canada Student Loans Act as well as the Indian Act provide for student financial assistance across Canada. In addition the majority of provinces and territories have enacted legislation governing their student financial assistance programs, and all provinces do provide some provincial student financial assistance options. Only the Northwest Territories and Quebec have opted out of the Canada Student Loan Program. Consequently, the criteria the Northwest Territories uses for the needs assessed loan is very similar to the criteria described in the Canada Student Loan Program.

In a comparative report on the principles and objectives underlying student financial assistance across Canada the objectives of the Northwest Territories were shown to be similar to the objectives of all Canadian student financial assistance programs. However, there was one objective which the Northwest Territories did not share. Other jurisdictions emphasized that the cost of attending post-secondary institutions was a shared responsibility among students, parents and government, but the Northwest Territories did not.

The Northwest Territories is the only jurisdiction in Canada which administers programs directly to Status Indians and Inuit on behalf of the federal government. Administering a federal responsibility through a GNWT program puts constraints on the eligibility criteria and the benefits of that program. Although legislation does not specifically state that the GNWT must provide what the federal government provides in terms of benefit levels, politically the GNWT is expected to deliver a program which is equal to, or better than, the student financial assistance program INAC provides to Status Indians and Inuit in southern Canada. This arrangement created some problems in that Revenue Canada was not allowing Northwest Territories status Dene the same tax deductions granted to status Indians in southern Canada and the Yukon. This situation has been resolved over the past three years.

It is assumed that because the Northwest Territories provides assistance to status Dene and Inuit, shared responsibility for the education of the majority of the Northwest Territories population who are aboriginal people is not a commonly accepted principle. Although education may not be considered to be an aboriginal right, it may be considered to be a treaty right (treaties 8 and 11 provide for education), and, if that is accepted, it would then be a government responsibility, not a shared responsibility, to provide student financial assistance to status Dene and Inuit.

Indian and Northern Affairs Canada has taken some initiatives to manage the student aid program they provide to status Indian and Inuit residents. They collapsed the variety of benefits they provided into a more generous basic living allowance than the Northwest Territories provides, and they have established annual program ceilings. A formula has also been developed whereby resources are allocated to bands and, if the demand is greater than the resources available in that year, individuals are given priority for student financial assistance benefits for the following year. INAC's position is that they are responsible for determining the way the student aid program for status Indian and Inuit will be delivered.

One underlying GNWT policy guiding program delivery is that an equal level of service should be provided to all Dene, Metis and Inuit. Consequently, in student financial assistance the GNWT extends the types of student benefits INAC provides to Status Indians and Inuit (supplementary grants) to Metis and non-status Dene as well. The supplementary grant package provides for a variety of specific allowances in addition to the basic living allowance through relatively broad regulations that permit flexibility and discretion in their application.

The GNWT also strives to provide levels of service to long-term non-aboriginal northerners which are close to the benefits available to aboriginal residents. This policy guideline is evident in the student financial assistance program. When the program was first established it provided the same benefits (grants) to all northerners. As it developed the program did distinguish between aboriginal and non-aboriginal northerners in the types of benefits it provided, but it also recognized long-term northerners by providing benefits (basic grant and remittable loan) based on length of residency and schooling.

To determine whether or not the GNWT provides a similar, less generous or more generous assistance package to Northwest Territories students in comparison to students in the provinces, or students receiving benefits from INAC, two case studies were examined. These cases were two among the five cases examined in a comparative survey of Canadian student financial assistance in June, 1990 (see Attachment 1). (The Northwest Territories, Yukon and students served by INAC were not included in this study.)

Case 1

Case one describes a single parent with a ten year old child. The student is in a graduate program that is 52 weeks in length and her request for assistance totalled $20,872.

In general provinces accessed the Canada Student Loan Program (CSL) first, and based on a means test, the student was eligible for the maximum available through that program - $5,460. Then provinces provided additional assistance, some through additional loans, some through a grant/loan combination, etc. The largest amount of assistance for this case was identified by Saskatchewan totalling $12,000 (includes CSL) and the lowest assessment was provided by Nova Scotia totalling $7,500 (includes CSL). The average assessment of this case study in the four western provinces was **$10,500** (includes CSL).

In the Northwest Territories the amount of assistance available to this student would depend on need as well as ethnicity, length of residency and length of schooling.

Assuming that this student was not an aboriginal person and had resided in the Northwest Territories for less than three years, she would only be eligible for a needs assessed loan and would receive an equivalent to the maximum sum the CSL would provide, ($105 x 52 weeks) **$5,460** (repayable). If the student was a three year resident she would be eligible to receive a primary (and subsequently a secondary) student loan, which would provide her with an additional $5,200 ($4,400 + $800 for one dependent) which may be forgiven. Her total assistance package, including the amount she would receive through the needs assessed loan, would then total ($737 + $5,200) **$5,937**. However, if the student was eligible for a basic grant she would receive $3,378 as a basic grant ($1,566 tuition, $400 books and $1,412 airfare) as well as $4,000 as a primary loan ($3,200 + $800 for one dependent). In addition, she could apply for a needs assessed loan, but her grant and primary loan would be considered and her needs assessed loan would likely be determined to be approximately $2,300. As a result she would receive ($3,378 + $4,000 + $7,378). In conclusion, if she were eligible for any of the assistance in addition to the needs assessed loan (basic grant and primary loan) her total assistance package would be similar to the average provided by the western provinces.

Assuming that this student is an Northwest Territories aboriginal person she would be eligible for a supplementary grant which would provide her with approximately $11,890 living allowance + $2,160 childcare + $730 dependent travel). In addition she would be eligible for a basic grant of $3,378 ($1,566 tuition, $400 books and $1,412 airfare). The total assistance she would receive based on those benefits would be approximately **$15,268**. In addition she may request other types of benefits available through the supplementary grant package such as an accommodation allowance, local transportation allowance, maintenance allowance or emergency allowance. (Although she may apply for a needs assessed loan it is unlikely that she would be eligible given the assistance package she is already eligible to receive.) In conclusion, if this student was a Metis or a non-status Indian resident in the western provinces she would likely receive a sum close to the average identified above, **$10,500**, in contrast to the total the Northwest Territories would provide, $15,268. However, if she was a status Indian or Inuit, she would receive her assistance directly from INAC, and would receive **$16,471** based on the calculations provided by INAC (see Attachment 3).

Case 2

Case two describes a single student in the third year of a 43 week undergraduate program. He lives in a university residence since his parents' home is in another community and he lives with his family during the summer where he has a summer job. He is requesting $5,696 in assistance (see Attachment 1).

In general, for this case study provinces again accessed the CSL first and three out of the four western provinces awarded $4,515 as a CSL. (Alberta only assessed this case as $1,825 in CSL, and that was the lowest assessment of CSL entitlement amongst the provinces.) Then the provinces provided a small amount in additional loan or grant funding, or like Manitoba provided for a remittance package. As a result the average total assessment for three of the western provinces was close to the **$4,515** CSL and Alberta only offered a total assessment of $2,895 ($1,825 of which was CSL).

Again in the Northwest Territories the amount of assistance available to this student would depend on need, as well as ethnicity, length of residency and length of schooling.

Assuming that this student was not an aboriginal person and had resided in the Northwest Territories less than three years he would be eligible for a needs assessed loan which would provide him with **$4,515.** If he had resided in the Northwest Territories for at least three years, he would be eligible for a primary loan (and subsequently a secondary loan) which is remissible and would be assessed at $4,400. As the amount of his primary loan would be taken into consideration in the determination of his needs assessed loan, his needs assessed loan would be total approximately $2,434. As a result he would be eligible for a total of ($4,400 + $2,434) **$6,834.** However, if this student was eligible for a basic grant as well he would receive $2,275 as a basic grant ($1,725 tuition, $400 books and $106 airfare) and $3,200 as a primary loan (remissible). His total assistance package in that case would be **$5,475**. (This student may also apply for a needs assessed loan but the amount which he would be awarded in this case would be approximately $1,359. This amount, when added to sum of $5,475 would make it equal to the sum reported above, **$6,834.**)

Assuming that this student was a Northwest Territories aboriginal person he would be eligible for a supplementary grant ($522 x 10 weeks living allowance) of $5,220. In addition he would be eligible for a basic grant of $2,275. Therefore, the total assistance package he would receive would be **$7,495**. In addition he could apply for other allowances available through the supplementary grant package (accommodation, local transportation, and emergency allowances). In conclusion if this student was a Metis or non-status Indian in the western provinces he would likely be eligible for the assistance package referred to above of approximately **$4,515**, in comparison to the assistance provided by the Northwest Territories, **$7,495**. If he was a status Indian or Inuit and receiving student financial assistance directly from INAC he would be eligible for **$9,141** (see Attachment 3).

CONCLUSIONS

Objectives:

The Northwest Territories Student Financial Assistance Program appears to be a program which is meeting its objectives.

- Student enrolment increases and survey information indicate that students are being assisted financially so that they can pursue post-secondary education.
- The majority of student loan holders do return to live and work in the Northwest Territories Fifty-eight (58%) of the student loan holders returned, or 426 out of 733 students. However, only 34% of the 733 were eligible for partial or full remission. (Some students did not meet the academic requirements of the program - 60% completion of program of study in the loan year - or had received non-remissible loans.)
- The program does provide scholarships to recognize academic achievement and there are special scholarships for aboriginal students.
- The program recognizes aboriginal students as a special category for assistance and the dramatically increasing enrolment of aboriginal students over the last five years indicates a measure of success.

Minor Modifications/Efficiencies:

The findings of the various departmental reviews of this program, and initiatives proposed by the department to save costs through previous operational planning exercises, provide some direction for cost savings. It is reasonable to investigate the review findings in detail to note the efficiency measures - cost savings - identified by the Department of Education, but it is recognized that the total value of these measures will be relatively small.

It is also reasonable to assume that this program can be modified further, and some elements reduced entirely, without threatening program objectives. This conclusion is complemented by the finding of the student survey. Twenty-eight percent of student survey respondents said they would have pursued post-secondary education without GNWT assistance and 28% say that the program should provide between 25% and 50% of students' costs.

Modification of Supplementary Grants:

The program is providing comparable assistance to all aboriginal students as Indian and Northern Affairs Canada is providing to status Indians and Inuit in southern Canada (see the case studies above and Attachment 2). (Note that the calculations did not include any of the special additional allowances available in the Northwest Territories such as, special accommodation allowance, tutoring allowance, special local transportation allowance, emergency allowance, and special maintenance allowance.)

The case studies discussed above demonstrated that if the students in these examples were aboriginal students the Northwest Territories grant (without any of the additional allowances noted above) would be comparable to the assistance provided by INAC. However, if the student took advantage of any of the other allowances available to them through the supplementary grant program, the student could receive substantially more than the assistance provided by INAC. Further, based on:

- the growing enrolments of aboriginal students which are expected to continue at least in the short term;
- the budget increases in grants over the past eight years (523%) which may be attributed to increased enrolment of aboriginal students (from <100 to 491);
- the total expended on supplementary grant students (approx. $4,008,040);
- the comparison with INAC in the case study.

It is reasonable to consider and propose modifications of the supplementary grant program.

Modification of Basic Grants/Primary Loans - Also shown by the case studies discussed above, the Northwest Territories Student Assistance Program likely is providing more than the average provided by western provinces to single students (as well as more than Indian and Northern Affairs Canada provides).

The case 2 study, which concerns a single student living at home in the summer, shows that the Northwest Territories may provide over 1 and 1/2 times the average assistance provided by the western provinces ($7,470 in comparison to $4,515). Consequently, it would be reasonable to consider the basic grant/primary and secondary loan package in an exercise to reduce the cost of the overall Student Financial Assistance Program.

Means Testing/Needs Assessed Loans:

One method of reducing costs which was considered generally at the outset of this review was an expansion of means testing. Means tests are now only used in the needs assessed loan, and theoretically means tests could be administered across the program. Looking at the program in detail there are a number of issues which would have to be considered if means testing were expanded:

- Because the GNWT is administering a program to status Dene and Inuit in trust on behalf of the federal government means testing status Dene and Inuit students would be unacceptable. (Status Dene consider education to be a treaty right.)

> Also, the Department of Education states that very few students now receiving supplementary grants (living allowances) would be proven ineligible for a grant through a means test. It is also worth noting that processing a needs assessed grant would add administrative costs. Processing needs assessed loan applications are now estimated to take 60% more time to complete than a non-means tested loan application. As a result it would be both politically unacceptable, and generally an action not worthwhile pursuing because it would not realize savings. However, one recommendation which would save time (and therefore costs) would be to establish a late fee for applications.
>
> Finally, although means testing non-status Dene and Metis would not challenge the trust relationship, all aboriginal people are treated in the same manner in the Northwest Territories. In addition, means testing non-status Dene and Metis, like means-testing status Dene and Inuit, would also not be worthwhile pursuing because it would not realize substantial savings.
>
> In contrast, means testing non-aboriginal students as part of the basic grant/primary loan program would likely demonstrate more cost savings. However, means testing the basic grant/primary loan would change it from a combination grant/loan package which recognizes long-term northerners into assistance (grant and forgivable loan) only for long-term northerners who were needy. If the purpose of student financial assistance is only to assist financially needy students it would be more reasonable to eliminate the basic grant and primary (and secondary) loan programs and expand the needs assessed loan program.

In conclusion, expanding means testing generally across the program would add an administrative cost which may not result in cost savings in all areas and it would change the objectives of the program in general. The program would change from one with specific incentives (such as elimination of the high cost of travel as a barrier to northern students) to one which provides only three types of aid: a grant package to all aboriginal students which is similar to INAC's and two needs assessed loan packages (one which would be much more generous than the Canada Student Loans (CSL) for financially needy long-term northern students, and one which would be similar to the CSL for needy short-term northerners). Long-term northern students who were not financially needy would not be eligible for any assistance, not even assistance recognizing the high cost of travel.

With the exception of grants for non-status Dene and Metis, expanding means testing across the program would likely make the Northwest Territories student assistance program one of the least beneficial in Canada according to the case studies presented in Attachment 1. The purpose of this review is to recommend actions which demonstrate substantial cost savings and generally maintain the integrity of the program. With that in mind each element of the program will be analyzed and recommendations made, but the general expansion of means testing will not be proposed.

[Although the focus of this exercise is to identify cost savings, not to recommend program increases, the discussion of the case one study demonstrates that student financial assistance programs across Canada in general are probably not providing enough assistance to individuals in situations similar to the one described in the study (single parent with one dependent). (This has been recognized by the Council of Minister of Education Canada and the findings of a study on the assessment of needs in relation to the Canada Student Loan will be available this spring.) In the case one study the Northwest Territories assistance total (assuming the individual was a non-aboriginal student) was almost equal to the average in the western provinces only if the individual was eligible for a basic grant and primary loan in addition to a needs assessed loan. If the individual was only eligible for a needs assessed loan (maximum $5,460) the Northwest Territories assistance would be almost $5,000 less than the average provided by the western provinces. The rates for needs assessed loans should be reviewed and, particularly as the Northwest Territories has opted out of the Canada Student Loan Program, it could choose to increase the rates provided. It may be reasonable to use rates similar to the living allowance rates approved for supplementary grant students.]

APPROACH

To identify cost savings in the Student Financial Assistance Program the approach taken generally will be:

- to identify possible elements of the program which could be eliminated without destroying the integrity of the program - program objectives;
- to reduce the number of students eligible for benefits (grants and remittable loans); and
- to reduce the overall level of benefits provided (grants).

As a result one option will be developed with a series of recommendations proposing moderate reductions. The assumptions and calculations for the expected cost savings outlined in the recommendations are detailed in Attachment 4.

Greater cost savings could be realized if the GNWT decided to provide the supplementary grant program only to status Dene and Inuit. This would be possible if the GNWT was willing to change the underlying policy of the Student Financial Assistance Act of providing the same benefits to all aboriginal people, and close to the same benefits for long-term northerners. Similarly further savings would be realized if the GNWT was also willing to challenge the fiduciary relationship with the federal Government for the provision of services to status Dene and Inuit. However, these decisions have not been made and, for many reasons, may not ever be considered. (See table below for an illustration of the potential savings in this case.)

RECOMMENDATIONS FOR MODERATE MODIFICATIONS AND REDUCTIONS IN SERVICE EXPECTED TOTAL COST SAVINGS - $1,000,000		
RECOMMENDATIONS	**EXPECTED SAVING**	**RATIONALE**
1. **Supplementary Grant** Continue to provide a supplementary grant program to all Dene, Metis and Inuit, but tighten the regulations, reducing costs (such as paid return travel for students' dependents whether or not they travel) and set a maximum ceiling for individual students based on a completion rate of 60% of the course load per year. Incorporate the basic grant benefit for books and supplies into this package and collapse living expenses in a manner similar to INAC so that the Northwest Territories program is not providing more than what INAC would provide for living allowances.	400,000	This recommendation continues to provides a level of support to all aboriginal residents comparable to INAC program for status Indians and Inuit.
2. **Basic Grant** a) Reduce the cost of the return trip home at Christmas in the basic grant package by using an enroute card system for all students for Christmas travel. This would affect all students: aboriginal and non-aboriginal students.	300,000	This recommendation would still provide assistance for travel to and from the institution in recognition of the high cost of travel for all northern students. Also the basic grant package for non-aboriginal students would still be more generous than that provided by the western provinces.

RECOMMENDATIONS FOR MODERATE MODIFICATIONS AND REDUCTIONS IN SERVICE
EXPECTED TOTAL COST SAVINGS - $1,000,000

RECOMMENDATIONS	EXPECTED SAVING	RATIONALE
3. Post-secondary Incentives, U of M Contract and General Regulations Tighten the Student Financial Assistance regulations and eliminate post-secondary incentives and the contract with the University of Manitoba.	200,000	The U of M contract ($100,000) provides pre med and engineering training for four students. The Student Financial Assistance Program could support the development of doctors and engineers generally through the grants and loans already available. With the UCEP options available aboriginal students also can access a university preparation program. Similarly, the post-secondary incentive program ($100,000) provides general discretion to assist students whose programs do not qualify under other sections of the regulations and high cost programs. The regulations could be amended to provide for a limited number of students in specific high cost programs a year. In general the regulations should also be amended so that less discretion is required in their application (general efficiency measure).

RECOMMENDATIONS FOR MODERATE MODIFICATIONS AND REDUCTIONS IN SERVICE EXPECTED TOTAL COST SAVINGS - $1,000,000		
RECOMMENDATIONS	**EXPECTED SAVING**	**RATIONALE**
		(Note: although $100,000 is disbursed in incentives as it is now a remittable loan (changed in 1991), it is estimated that about 60% of that amount, or $60,000, is remitted so $60,000 is the real saving in the long-term.)
4. Loans Continue to provide for primary, secondary and means tested loans.		
5. General Establish a late fee for all applications to improve program efficiency.		

SEVERE PROGRAM MODIFICATIONS AND GREATEST COST SAVINGS

TOTAL EXPECTED COST SAVINGS - $2,569,000

RECOMMENDATION	EXPECTED SAVING	RATIONALE
1. Supplementary Grant Eliminate the supplementary grants provided to Metis and non-status Dene.	627,000	INAC does not provide assistance to Metis and non-status Dene.
2. Supplementary and Basic Grant a) Provide for the tuition, books, and living allowance as a grant package to status Dene and Inuit, eliminating costs (such as travel benefits for dependents whether or not they travel), and tightening regulations. Set a maximum ceiling for individual students based on a completion rate of 60% of the course load per year. Also, collapse living expenses in a manner similar to INAC so that the Northwest Territories program is not providing more than what INAC would provide for living allowances.	530,000	a) This package of assistance would be fairly comparable to INAC's program (with the exception of the Chrismas trip home, which could be maintained but savings would be reduced by $200,000).
b) Eliminate the basic grant (tuition, books, travel, and transitional allowance). The tuition, and books allowance would be provided only for status Dene and Inuit. However, provide a grant for a one round-trip travel to students with three years residency to post-secondary institutions.	$1,092,000	b) This would recognize the high cost of travel and students in need could apply for a needs assessed loan.

SEVERE PROGRAM MODIFICATIONS AND GREATEST COST SAVINGS TOTAL EXPECTED COST SAVINGS - $2,569,000		
RECOMMENDATION	**EXPECTED SAVING**	**RATIONALE**
3. **Post-secondary Incentives, U of M Contract and General Regulations** Tighten the Student Financial Assistance regulations and eliminate post-secondary incentive grants and the contract with the University of Manitoba.	200,000	The U of M contract ($100,000) provides pre med and engineering training for four students. The Student Financial Assistance Program could support the development of doctors and engineers generally through the grants and loans already available. With the UCEP options available aboriginal students also can access a university preparation program. Similarly, the post-secondary incentive program ($100,000) provides general discretion to assist students whose programs do not qualify under other sections of the regulations and high cost programs. The regulations could be amended to provide for a limited number of students.

SEVERE PROGRAM MODIFICATIONS AND GREATEST COST SAVINGS TOTAL EXPECTED COST SAVINGS - $2,569,000		
RECOMMENDATION	**EXPECTED SAVING**	**RATIONALE**
4. Loans Continue to provide for primary, secondary and means tested loans.	0	[It is unlikely that there will be any savings in loans with the alternatives being proposed in b), c) and d).]
a) Eliminate primary and secondary loans.		
b) Provide special incentive loans to Metis and non-status Dene to pursue post-secondary education. These would be 100% remittable if the individuals completed 60% of their program successfully and returned to work in theNorthwest Territories, similar to the revised supplementary grant package being proposed above - Cost $900,000.		b) Comparable support would be provided to Metis and non-status, except that the assistance would be a remissible loan, not a grant.

SEVERE PROGRAM MODIFICATIONS AND GREATEST COST SAVINGS

TOTAL EXPECTED COST SAVINGS - $2,569,000

RECOMMENDATION	EXPECTED SAVING	RATIONALE
c) Provide special opportunity loans for tuition, books and supplies, which are 100% remittable for study in particular employment areas if residents return to the Northwest Territories to live. (This would not be limited to special incentive groups and would be capped at $500,000. It could also recognize high cost training such as aviation.)		c) Incentives would be provided for particular employment areas.
d) Continue to provide a means tested loan similar to CSL for individuals who have been resident in the Northwest Territories for at least one year.		d) Without basic grants or the availability of primary/secondary loans it may be necessary to increase the living allowance rates of needs assessed loans so that the Northwest Territories provides comparable assistance to other provinces in Canada for students with dependents.

ATTACHMENT 1

Government Student Aid in Canada

A comparative survey of federal/provincial assistance available to students in 1989/90

Prepared for
The Canadian Association of Student Financial Aid Administrators
June. 1990
by
The Office of Awards and Financial Aid, The University of British Columbia

Preamble

In 1984/85, The Canadian Association of Student Financial Aid Administrators undertook a survey to compare the results of standard need assessments performed by the various provinces on five "typical" students. Although the criteria used for Canada Student Loans program are intended to provide an underlying basis for need determination, each province has established its own detailed criteria, which, as will be noted in the following material, produce a distinctly different result.

It is not easy to compare the details of the assessments, and complete information was not always made available. I am indebted to the CASFAA members and provincial aid officials who assisted by completing the assessments. The spreadsheet and graphs are self explanatory. Brief notes explain some of the identifiable differences. Several provinces have announced program changes which will take affect in the 1990/91 academic year.

A summary of the 1984/85 survey is included for the information of the reader.

Byron H. Hender
Director, Awards and Financial Aid
The University of B.C.
Vancouver, B.C.
June, 1990

Notes

All assessments were done using 1989/90 criteria on the assumption that the applicant was studying in the "home" province.

Loan Remission for BC students is calculated after the student completes the program of study. Students who complete their first undergraduate degree in the normal number of semesters plus two will normally have their debt reduced to $12,000.

For Cases 1 and 2, PEI performed two assessments (1st and 2nd semesters, plus 3rd semester). For purposes of this analysis I have reported the 1st and 2nd semester costs and resources plus 3rd semester fees and books. The figures reported for married student defect, assessed need, and award values are combined for all three semesters.

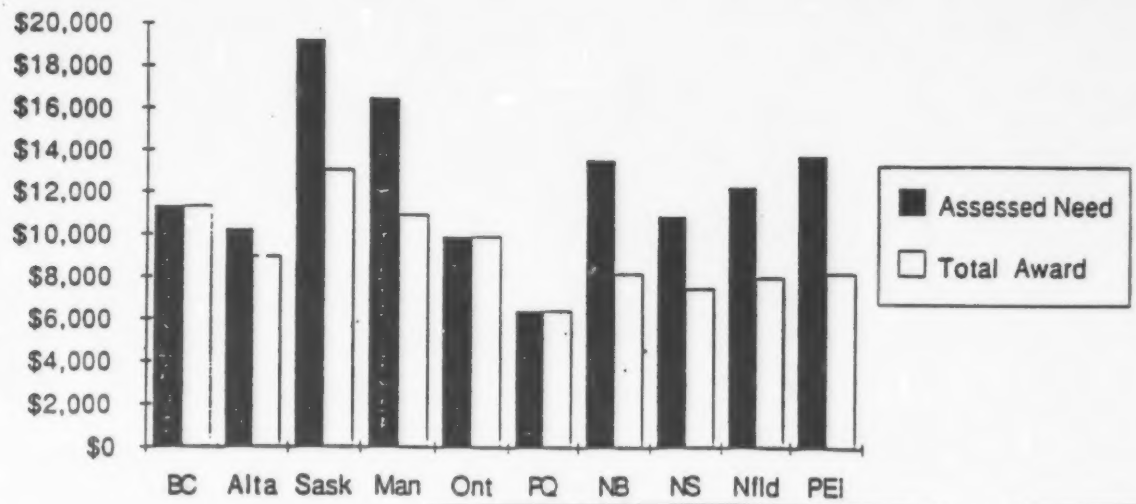
Maintoba's married and dependant allowances appear significantly higher than those of other provinces. It is possible that the additional housing allowance is incorportated into these figures.

Both Manitoba and Ontario had dual assessments for some or all of the cases. For purposes of this survey, I have used the allowances which result in the largest award. It is difficult to compare the OSAP assessments with those of other provinces. The major differences on the Manitoba assessment are set out below.

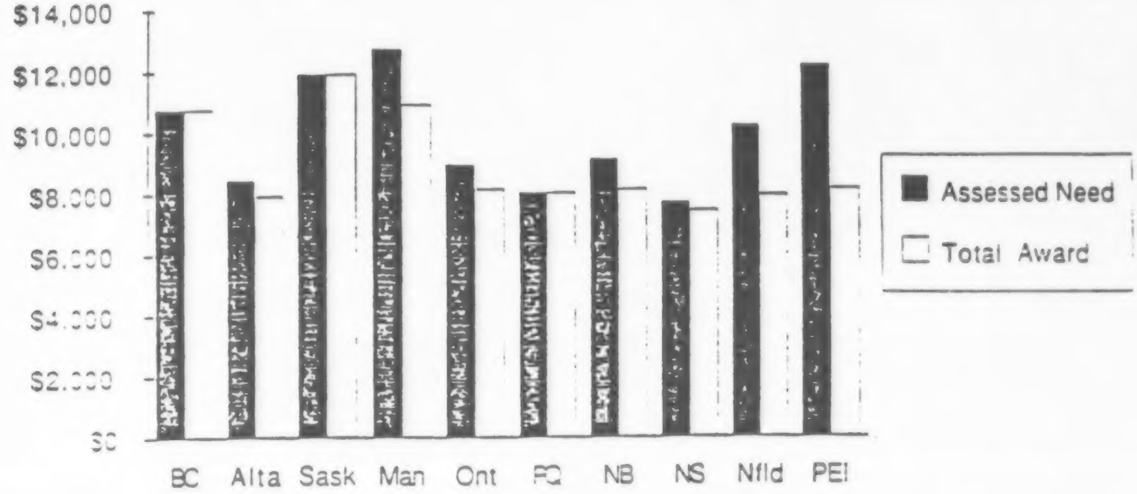
Manitoba		Grant	Loan
Case 2			
	Gross Family Income	$8.620	$7.320
	NEI	$9.001	$10.301
	Need	$11,432	$12,732
Case 4			
	Student Contribution	$2.028	$1.306
	Part Time Earnings	$250	$0
	Other Assets	$178	$0
	Need	$2546	$3696
Case 5			
	Maintenance Allowance	$3.155	$4,580
	Student Contribution	$2,871	$2,149
	Other Assets	$225	$0
	Need	$4,009	$6,381

For purposes of Case 5, both Ontario and BC assessed a parental contribution based on family assets. In Case 4. Ontario assumed that the family did not own a home. In Case 5. it was assumed that the family did own a home and that their home equity was $30.000.

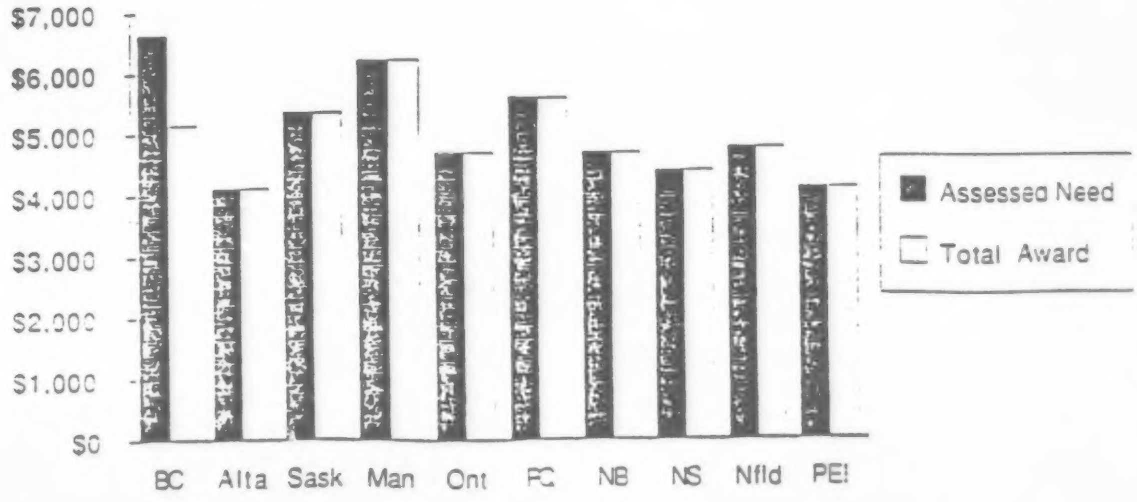
Quebec has noted that major program changes have been proposed for 1990/91. The Quebec assessment criteria differ in many respects from those of other provinces and many of the allowances and contributions are calculated on a 52 week basis.



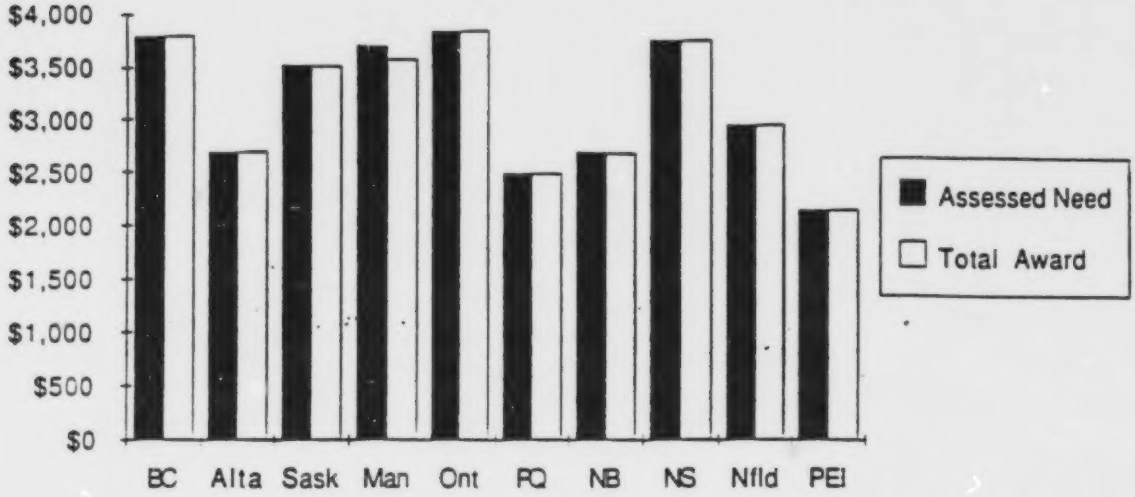
1989/90 CASFAA Provincial Aid Survey - Case 2



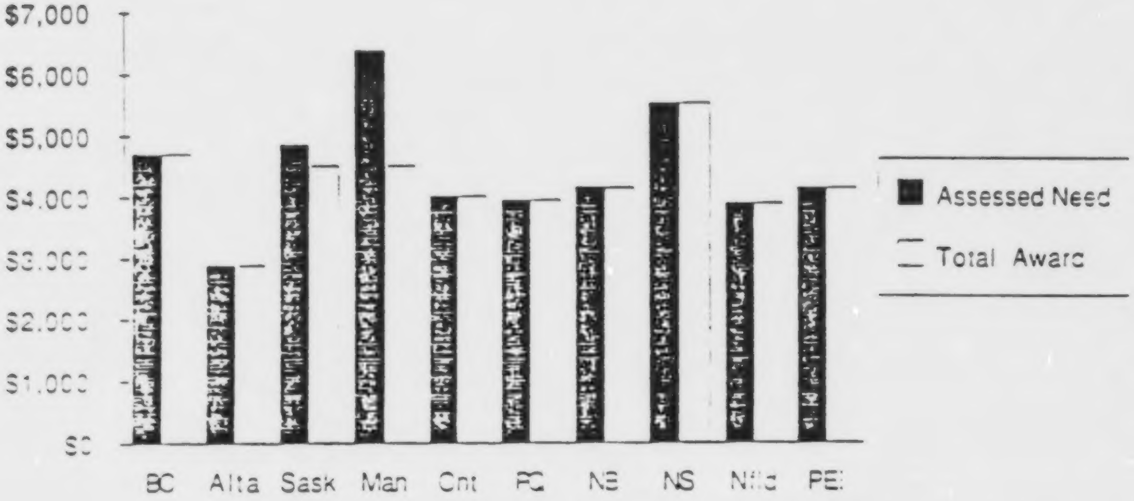
1989/90 CASFAA Provincial Aid Survey - Case 3



1989/90 CASFAA Provincial Aid Survey - Case 4



1989/90 CASFAA Provincial Aid Survey - Case 5



UBC Awards and Financial Aid. 6/12/90

Case 1.

Student is married and has three children aged 6,12, and 17. His wife works full time and one of their children is in after school care. He is in third year of his undergraduate program which runs 12 months (52 weeks).

Costs:

Tuition fees	$3864 (actual)
Books and Equipment	$720 (actual)
Daycare	$1600 (claimed and documented)

Resources:	Student	Spouse
Summer income (gross)	$4800	
Wages (gross)		$22,920
Family Allowance	$1200	
Income Tax		$3894
Exceptional expenses (dental)	$3000 (claimed and documented)	

Student's Request as per budget $20,872

Case 2

Student is a single parent with a 10 year old child. She is in a graduate program that is 52 weeks in length.

Costs:

Tuition	$1566 (actual)
Books and equipment	$865 (actual)

Resources:

She holds a Teaching Assistantship during the winter term which pays her $9536 (gross) and she receives Family Allowance of $384. She claims income tax deducted from her TA of $1216. She does not have Daycare and claims no exceptional expenses.

Student's Request as per budget $20,872

Case 3

This single student is in second year of an undergraduate program in Arts. He is group B by virtue of having worked for two years following completion of secondary school. His program is 34 weeks long. He lives all year in an apartment off campus.

Costs:

Tuition Fees	$1715	(actual)
Books and equipment	$305	(actual)

Resources:

Parental support (volunteered)	$660
Summer Income (net)	$2596
Indicated savings from summer	$611
Part time earnings during term	$800
Student's Request as per budget	$5140

Case 4

This student is Group A and lives with her parents. She is in a 34 week program and is in her second year of undergraduate studies.

Costs:

Tuition	$1897	(actual)
Books and Equipment	$1600	(this student is in Music and has documented costs associated with the rental of her piano in the amount of $100

Resources:

Parents	Husband	Wife
Wages	$10,371	
Family Allowance	$62	
Self Employment Income (net)	$12,000	
UIC		$9345

There are three children in the family; one in post secondary education.
Self employed income is from a company with a net worth of $100,000.

Student

Net income from summer job	$1180
Indicated savings	$178
Part time income	$1100
Student's Request as per budget	$4800

Case 5

This Group A student is in third year of a 43 week undergraduate program. He lives in a University residence since his parents home is in another community. He lived with his family during the summer. Although the family's reported income is quite low, they have declared net asse's (excluding their family home) of $172,564.

Costs:

Tuition fees	$1725	(actual)
Books and Equipment	$560	(actual)
Residence costs Room and Board)	$3155	(actual)
Cost of return Transportation	$106	(two round trips)

Resources:

Parents	Husband	Wife
Family Allowance	$388	
Self employed income (net)	$4185	$4186
Investment income	$365	

There are two children in the family; one in post secondary education.

Student

Net income from summer	$3560	
Indicated summer savings	$2320	(student lived at home during the summer)
Other savings	$225	

Student's Request as per budget $5696

CASFAA Provincial Aid Survey 1989/90

	BC	Alta	Sask	Man	Ont	PQ	NB	NS	Nfld	PEI
CASE 1										
Gross Income	$28,920	$28,920		$28,200	$28,200	$18,086	$24,120	$28,920	$24,120	$28,920
Income Tax	$3,894	$3,894		$5,272	$3,859		$3,894	$3,618	$3,894	$3,894
Wkg Spouse Allowanc	$1,703	$1,703		$1,703	$1,703		$1,700	$1,703	$1,701	$1,700
Basic Maint Allowanc	$13,329	$13,329		$18,176	$13,329	$14,503	$13,300	$13,329	$13,329	$13,325
Additional Housing	$1,268	$1,268						$1,268	$1,268	$1,250
Uninsured Med/Dent	$2,600	$2,400			$2,700		$3,000	$2,600		$2,600
Daycare allowance	$1,400	$1,600		$1,600	$1,600	$1,600	$1,600	$2,014	$1,600	$1,600
Retirement Allowance	$1,833	$2,313			$1,834		$1,929	$2,313	$1,834	$2,314
Exceptional Expenses					$2,700					
Child 0-11	$1,879	$1,879		$12,736	$7,447	$1,895	$1,700	$1,879	$1,879	$1,875
Child 12-15	$2,784	$2,784		inc	inc	$1,895	$2,750	$2,784	$2,784	$2,780
Child over 15	$3,396	$3,396		inc	inc	$2,545	$3,250	$3,396	$3,396	$3,395
Fees	$3,864	$3,864	$3,864	$3,864	$3,864	$2,031	$3,864	$3,864	$3,864	$3,864
Books	$720	$720	$720	$720	$720	inc	$600	$720	$600	$720
Married Delecit	$5,166	$5,646	$11,919	$11,787	$5,328		$9,003	$5,984	$7,565	$9,081
Other	$1,580		$2,600					$300		
Assessed Need	$11,330	$10,230	$19,103	$16.371	$9.912	$6.382	$13.467	$10,868	$12.209	$13.665
Request	$20,872	$20,872	$20,872	$20.872	$20.872	$20,872	$20.872	$20,872	$20,872	$20.872
AWARD	CSL $5,460	CSL $5.460	CSL $5,460	CSL $5.460	CSL $4 332	QSL $2.480	CSL $5.460	CSL $5.460	CSL $5460	CSL $5,250
	BCSL $5,870	Grant $2.500		Burs $5,460	Grant $5.580	Grant $3,900	Grant $2,700	Grant $2,000	Grant $2.500	Grant $2925
		ASL 995	SSL $7.540							
	Ln rem **	Ln rem $1,420	Ln rem $3.635							
Total Award	$11,330	$8,955	$13,000	$10.920	$9.912	$6.380	$8.160	$7,460	$7.960	$8.175

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CASFAA Provincial Aid Survey 1989/90

	BC	Alta	Sask	Man	Ont	PQ	NB	NS	Nfld	PEI
CASE 2										
Gross Income	$7,320	$9,920		$8,620	$7,960	$4,960	$7,320	$9,120	$7,320	$10,660
Income Tax	$1,216	$1,216					$878	$442	$1,216	$1,216
Wkg Spouse Allowance	$693	$992					$732		$694	$1,066
Basic Maint allowance	$10,424	$10,424		$14,200	$10,424	$9,076	$10,400	$10,424	$10,424	$10,420
Additional Housing	$634	$634						$634	$634	$625
Uninsured Med/Dent	$260									
Retirement Allowance	$554	$793					$585	$729	$555	$853
Child 0-11	$1,879	$1,879		$3,421	$1,879	$1,895	$1,700	$1,879	$1,879	$1,875
Fees	$1,566	$1,566	$1,566	$1,566	$1,566	$2,031	$1,566	$1,566	$1,566	$1,566
Books	$865	$865	$865	$865	$865	inc	$600	$865	$600	$865
Married Defecit	$8,340	$6,018	$9,476	$10,301	$6,515		$6,975	$4,988	$8,082	$9,810
Other								$300		
Assessed Need	$10,771	$8,449	$11,907	$12,732	$8,946	$8,042	$9,141	$7,719	$10,248	$12,241
Request	$20,769	$20,769	$20,769	$20,769	$20,769	$20,769	$20,769	$20,769	$20,769	$20,769
AWARD	CSL $5,460	CSL $4,300	CSL $5,460	CSL $5,460	CSL $5,460	OSL $3,350	CSL $5,460	CSL $5,460	CSL $5,460	CSL $5,250
	BCSL $5,311	Grant $3,630	SSL $6,447	Burs $5,460	OSL $2,700	Grant $4,690	Grant $2,700	Grant $2,000	Grant $2,500	Grant $2,925
	Ln rem **	Ln Rem $1,120	Ln Rem $2,546							
Total Award	$10,771	$7,930	$11,907	$10,920	$8,160	$8,040	$8,160	$7,460	$7,960	$8,175

CASFAA Provincial Aid Survey 1989/90

	BC	Alta	Sask	Man	Ont	PQ	NB	NS	Nfld	PEI
CASE 3										
Fees	$1,715	$1,715	$1,715	$1,715	$1,715	$1,354	$1,715	$1,715	$1,715	$1,715
Books	$305	$305	$305	$305	$305	inc	$305	$305	$305	$305
Maintenance	$4,590	$4,760	$3,400	$3,621	$4,114	$7,251	$3,128	$2,890	$2,890	$3,060
Misc	$952		$952	$952			$952	$952	$952	$952
Transport - local	$425		$255	$281	$340		$46	$35	$272	$50
Transport - return								$96	$600	
Other								$360		
Student Contribution	$611	$1,215	$611	$4	$1,120	$2,337	$778	$1,296	$1,298	$1,296
Part Time earnings		$800								
Other Resources	$660	$660	$660	$660	$660	$660	$660	$660	$660	$660
Assessed Need	$6,626	$4,105	$5,356	$6,210	$4,694	$5,608	$4,708	$4,397	$4,776	$4,126
Request	$5,140	$5,140	$5,140	$5,140	$5,140	$5,140	$5,140	$5,140	$5,140	$5,140
AWARD	CSL $3,570	CSL $3,570	CSL $3,570	CSL $3,570	CSL $3,570	QSL $2,480	CSL $3,300	CSL $2,900	CSL $3,570	CSL $2,600
	BCSL $1,570	ASL $535	SSL$ 1,786	Burs $2,650	OSL $1,124	Grant $3,120	Grant $1,400	Grant $1,145	Grant $1,206	Grant $1,525
	Ln rem **	Ln Rem $1,240	Ln Rem $1,786	Ln Rem $460				NSL $352		
Total Award	$5,140	$4,105	$5,356	$6,220	$4,694	$5,600	$4,700	$4,397	$4,776	$4,125

SFAA Provincial Aid Survey 1989/90

	BC	Alta	Sask	Man	Ont	PQ	NB	NS	Nfld	PEI
ASE 4										
mily Gross Income	$31,778	$31,778		$31,778	$31,778		$31,778	$31,778	$31,778	$31,778
I	$31,778	$30,844		$30,843	$31,778		$30,844	$30,844	$30,843	$30,843
es	$1,897	$1,897	$1,897	$1,897	$1,897	$1,354	$1,897	$1,897	$1,897	$1,897
oks	$1,600	$1,600	$1,600	$1,600	$1,700	incl	$600	$1,600	$600	$450
intenance	$170	$272		$272	$1,020	$2,519	$136	$272		
c	$952	$952	$952	$952			$952	$952	$952	$952
nsport - local	$425	$280	$255	$281	$340	$572	$46	$35	$272	$50
her								$300		$100
udent Contribution	$1,250	$1,215	$1,200	$1,306	$1,120		$767	$1,296	$590	$1,296
t time earnings		$1,100								
her Resources						$4,047	$178		$178	
essed Need	$3,794	$2,686	$3,504	$3,696	$3,837	$2,480	$2,686	$3,760	$2,953	$2,153
quest	$4,800	$4,800	$4,800	$4,800	$4,800	$4,800	$4,800	$4,800	$4,800	$4,800
ARD	CSL $3,500	CSL $2,685	CSL $3,500	CSL $3,570	CSL $3,570	QSL $2,480	CSL $2,680	CSL $2,900	CSL $2,953	CSL $2,153
	EP $294				Grant $320			Grant $860		
	Ln rem **	Ln Rem $610		Ln Rem $765					Del gnt $796	
tal Award	$3,794	$2,685	$3,500	$3,570	$3,837	$2,480	$2,680	$3,760	$2,953	$2,153

CASFAA Provincial Aid Survey 1989/90

	BC	Alta	Sask	Man	Ont	PQ	NB	NS	Nfld	PEI
CASE 5										
Family Gross Income	$9,124	$9,124		$9.124	$9.124		$9.124	$9.124	$9.124	$9.124
NEI	$8,706	$8,706		$8.705	$8.705		$8.706	$8.760	$8.705	$8.705
Fees	$1,725	$1,725	$1,725	$1.725	$1.725	$1,354	$1.725	$1,725	$1,725	$1,725
Books	$560	$560	$560	$560	$560	inc	$560	$560	$250	$560
Maintenance	$3,155	$3,155	$3,155	$4.580	$5,203	$6.432	$3.155	$3.155	$3.155	$3.155
Misc	$1.204		$1,204	$1.204			$1,204	$1,204	$1,204	$1,204
Transport - local	$279		$322	$355		$99				
Transport - return	$106		$216	$106	$159		$61	$106	$106	$50
Other								$300		
P C - Assets	$225				$2.404	$1.634				
Student Contribution	$2,095	$2,645	$2,320	$2,149	$1.220	$2,299	$2,314	$1,296	$2,320	$2,320
Other Resources							$225	$225	$225	$225
Assessed Need	$4,709	$2,895	$4,862	$6,381	$4.023	$3,952	$4,166	$5.529	$3,895	$4.149
Request	$5,696	$5,696	$5,696	$5,696	$5.696	$5,696	$5.696	$5,696	$5.696	$5.696
AWARD	CSL $4,515	CSL $1,825	CSL $4,515	CSL $ 4,515	CSL $4.023	QSL $2,480	GSL $.3300	CSL $2.900	CSL $3.895	CSL $2.600
	BCSL $194	Grant $1,070	SSL $347			Grant $1470	Grant $860	Grant $2,000	Def gnt $2.000	Grant $1.550
	Ln rem **	Ln Rem $330	Ln Rem $347	Ln Rem $1,753				NSL $629		
Total Award	$4,709	$2,895	$4,515	$4,515	$4,023	$3.950	$4,160	$5,529	$3,895	$4,150

ATTACHMENT 2

1989

STUDENT GRANTS AND LOANS
COMPARISON OF STUDENT BENEFITS
BETWEEN GNWT'S & DIAND

BENEFITS	**G.N.W.T.**		**D.I.A.N.D**	
	Non-native Students	**Native Students (Dene, Metis, Inuit)**	**Native Students (status Indian & Inuit)**	**Non-Native Students**
GRANTS				
TUITION	$1,000 semester	$1,000 semester	Actual of nearest Canadian school	Not provided
BOOKS	$200 semester	$200 semester	Actual	Not provided
TRAVEL	2 round trips per year to school of acceptance	2 round trips per year to school of acceptance	2 round trips per year to nearest school	Not provided
START-UP ALLOWANCE*	a) $295 single b) $1,480 with dependents	a) $295 single b) $1,480 with dependents	Not provided	Not provided

BENEFITS	G.N.W.T.		D.I.A.N.D.	
	Non-native Students	Native Students (Dene, Metis, Inuit)	Native Students (status Indian & Inuit)	Non-Native Students
LIVING ALLOWANCES				
Single student	Not provided	$523 month	$675 month	Not provided
Students with dependants				
a) 1 dependant	Not provided	$741 month	a) $675 with employed spouse b) $895 with dependent spouse	Not provided
2 dependants	Not provided	$915 month	a) $850 with employed spouse b) $1,045 with dependent spouse	Not provided
c) 3 dependants	Not provided	$1,024 month	a) $1,030 with employed spouse b) $1,205 with dependent spouse	Not provided
d) 4 dependants	Not provided	$1,133 month	a) $1,205 with employed spouse b) $1,355 with dependent spouse	Not provided
, each additional dependant	Not provided	+$109 month	+$50 month	Not provided

NEFITS	G.N.W.T.		D.I.A.N.D.	
	Non-native Students	Native Students (Dene, Metis, Inuit)	Native Students (Status Indian & Inuit)	**Non-Native Students**
CHILDCARE				
a) 1 dependant	Not provided	$198 month	Not provided	Not provided
b) each additional dependant	Not provided	$110 month	Not provided	Not provided
SPECIAL EQUIPMENT & CLOTHING ALLOWANCE	Not provided	Actual costs	Not provided	Not provided
UTORING ALLOWANCE	Not provided	Actual costs	Not provided	Not provided
ACCOMMODATION ALLOWANCE	Not provided	Actual costs	Not provided	Not provided
EMERGENCY ALLOWANCE **	Not provided	Actual costs	Not provided	Not provided
LOCAL TRANSPORTATION ALLOWANCE	Not provided	Actual costs of public transportation	Not provided	Not provided
DUAL HOUSEHOLD ALLOWANCE ***	Not provided	Actual costs	Not provided	Not provided
STUDENT DEPENDANT TRAVEL	Not provided	2 round trips per yr	2 round trips per yr	Not provided

BENEFITS	G.N.W.T.		D.I.A.N.D.	
	Non-native Students	Native Students (Dene, Metis & Inuit)	**Native Students (Status Indian & Inuit)**	**Non-Natives**
LOANS				
Non means tested				
Single student	$3,200/yr or $4,400/yr.	Not provided	Not provided	Not provided
Student with dependants				
a) one dependant	$4,000 or $5,200	Not provided	Not provided	Not provided
each dditional dependant	$500.00	Not provided	Not provided	Not provided
Means Tested	$105/week depending upon need	$105/week depending upon need	Not provided	Not provided

NOTES

* For students who experience a shortage of funds due to unexpected costs when they first attend school.

** Transportation costs to return home on the death of a relative. Temporary shortage of funds.

*** Allowances to assist students who pay rent at both the location of studies and the home communities.

COMPARISON COMMENTS

N.W.T. Native and N.W.T. Non-Native Awards:

N.W.T. natives receive more grant assistance, however, non-natives can receive an equivalent total yearly amount by accessing a Needs Assessed Loan in addition to whatever basic grant, Primary Loan, or Secondary Loan entitlements they receive. The fact that loans are not taxable while grants are taxable means that the yearly amounts of assistance are comparable in net value.

N.W.T. Native and D.I.A.N.D. Students:

The base rate for living allowances are lower for N.W.T. students than D.I.A.N.D. student, however, N.W.T. students actually can receive more funding because they can access childcare , tutoring, emergency, and other special allowances including accommodation. Only certain categories of students in D.I.A.N.D.'s program can access an accommodation allowance. There is no limit on the number of years N.W.T. natives can access assistance while D.I.A.N.D. students can only access funds for the normal duration of their academic program.

Child Care Assistance: Department of Social Services

The Interim Child Care Program administered by the Department of Social Services will provide child care assistance to students with pre-school children where the student is a single student and where both parents are full time students.

ATTACHMENT 3

Funding for Students Under the Post-secondary Student Support Program (PSSSP) of the Department of Indian Affairs and Northern Development

Case 1

The allowance for this student would be calculated using the table for students with dependents and an employed spouse.

Tuition	3,864	Actual
Books	500	Basic amount
	220	Additional amount if documented as a course requirement and substantiated by receipts
Allowance	14,460	Includes childcare, local transportation etc. No means test.
Dental		Covered by NHW
Total	19,044	Possible other entitlements: - Return trip once each semester from home to nearest Canadian institution where the required program is available. - Annual strategic studies incentive grant annually beginning in second year for study in a program designated as significant for Indian self-government and economic self-reliance ($3,500) - Academic scholarship ($1,000)

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Case 2 (Not included in paper)

The allowance for this student would be calculated using the table for single parents.

Tuition	1,566	Actual
Books	500 365	As above
Allowance	12,540	No means test
Graduate incentive	1,500	Payable once--in second year of program or on completion.
Total	16,471	

Case 5 (titled case 2 in paper)

The allowance for this student would be calculated using the table for single students not living at home.

Tuition	1,725	Actual
Books	500 60	As above
Transportation	106	One round trip per semester--actual cost
Allowance	6,750	Four months at $675. No means test for either the student or the family.
Total	9,141	

ATTACHMENT 4

CALCULATIONS RESULTING IN THE EXPECTED SAVINGS IDENTIFIED IN THE RECOMMENDATIONS INCLUDED IN THE PAPER

1) The Department of Education has stated that $200,000 is expended on dependant travel for supplementary grant students where the dependents are not actually travelling.	$200,000	
The difference between the case studies described for the Northwest Territories and INAC for status Dene and Inuit is approximately.	$ 2,000	
If the difference in travel is taken into account, by using INAC's rates as a ceiling the Northwest Territories would likely save at least $500 a student, and there were 485 aboriginal students in 1990-91.	$200,000+	
Sub-Total		**$400,000**
2. a) In a base review prepared by the Department of Education it was projected by 1990-91 that $500,000 could be saved by eliminating Christmas travel for all students. The savings would be about 60% of that amount if an en route card system were established so that all students would travel on excursion fares.		
Sub-Total		**$300,000**
2. b) The book benefit for each student is $400 a year and there were 510 non-aboriginal students of whom 260 were eligible for the benefit in 1990-91.		
Sub-Total		**$100,000+**

3. The cost of the post-secondary incentive grants was $150,000 in 1990-91 and about $80,000 in 1989-90. $100,000 is less than the average of those two years. (Note: this program has recently been changed from a grant to a remittable loan - so because about 60% is remitted, only $60,000 is the actual cost, and actual saving.)

   The cost of the University of Manitoba contract is also $100,000.

Sub-Total	**$200,000**
RECOMMENDATIONS TOTAL	**$1,000,000**

ATTACHMENT 5

CALCULATIONS RESULTING IN POTENTIAL SAVINGS IN STUDENT ASSISTANCE IF THE GNWT WERE TO CONSIDER CHALLENGING THE FIDUCIARY RELATIONSHIP WITH THE FEDERAL GOVERNMENT

1. Of the 491 aboriginal students in 1990-91 110 were Metis and 4 students of the 175 Dene were non-status. Using the figure of 114 students and an average of $5,500 in supplementary grants (excluding the basic grant elements of tuition, books, student travel and relocation allowance) the savings in supplementary grants would be approximately $627,000.

   The $5,500 estimate can be verified both by dividing the total for supplementary grants in the FIS budget report by the number of aboriginal students, and through the averages provided by the department. [Departmental preliminary estimates for a basic grant student is $2,765, and a supplementary grant student is $8,244 (which includes the basic grant elements).]

Sub-total **$627,000**

2. a) The Department of Education has stated that $200,000 is expended on dependant travel for supplementary grant students where the dependents are not actually travelling. Averaging that amount across aboriginal students and subtracting the number of Metis and non-status Dene (114) results in a savings estimate of approximately $150,000. $150,000

   By using INAC's rates as a ceiling in the Northwest Territories and limiting the amount of time a student could take to complete a program would likely save at least $500 a student, and there were 381 Dene and Inuit students in 1990-91. $190,000+

The average cost of a Christmas trip is about $500 and the elimination of that benefit would result in a savings of $180,000.	$190,000	
Sub-total		**$530,000**
2. b) The preliminary average cost of a basic grant is $2,765. As a result the total budget for basic grants in 1990-91 was approximately ($2,765 x 780) $2,156,700.		
The cost for the Christmas trip for Dene and Inuit was identified above and the remainder of savings if the Christmas trip was eliminated for for the remainder of the students would be (114 + 260) x $500 = $187,000. (Only 260 of the 510 non-aboriginal students were eligible for the basic grant.)	$187,000	
The elimination of the book allowance, tuition, and relocation allowance for non-status Dene, Metis, and non-aboriginal students would be [($400 for books + $2,000 for tuition) x 374 equals $897,600 plus $7,500 (relocation allowance of approx. $300 for 25 (first year) students] $905,100.	$905,000	
The basic grant fund would continue to pay for books, tuition, and relocation allowance for Dene and Inuit and would continue to pay for travel to and from the institution for Dene, Inuit, non-status Dene, Metis, and non-aboriginal students with three year residency. (approximately 800 students in 1990-91).		
Sub-total		**$1,092,100+**

3. The cost of the post-secondary incentive grants was $150,000 in 1990-91 and about $80,000 in 1989-90. $100,000 is less than the average of those two years. (Note: this program was changed from a grant to a remittable loan in 1991, so as about $60,000 is remitted $60,000 is really the cost.)

   The cost of the University of Manitoba contract is also $100,000.

Sub-Total	**$200,000**
TOTAL	**$2,449,000**

APPENDIX 10:
ARCTIC COLLEGE

PROGRAM DESCRIPTION

Development

Post-secondary education began in the Northwest Territories with upgrading and vocational training programs which were brought together through the establishment of the Adult Vocational Training Centre (AVTC) in Fort Smith in the late 1960s. In 1981 AVTC was declared to be a college, was subsequently renamed Thebacha College and a Board of Governors was appointed by the Minister of Education (through policy).

In 1982 the Special Committee on Education recommended that:

- "post-school" education have a statutory basis;
- an independent board of governors be responsible for post-school programs, collectively called the Arctic College;
- "post-school" programs be offered on many campuses, each specializing in a major program, and that the campuses be managed by two principals, one for the east and one for the west;
- "post-school" programs include Grades 11 and 12, and all vocational and training programs offered through the GNWT;
- adult educators be employees of divisional boards of education;
- funds be sought to assist adult academic upgrading and pre-vocational training; and
- a Secretariat for Learning take over the functions of the Manpower Needs Committee.

The task force implementing the Special Committee recommendations argued that grades 11 and 12 should stay with the school system and the Assembly agreed. A strategic plan was prepared and approved by the GNWT in 1984 establishing Arctic College as a decentralized community college system. The Executive Council approved the development of a regional campus in Iqaluit in 1984, and directed that future campuses were to be established when it became academically and economically feasible. (Field based courses had been offered in many communities for several years by that time.)

In 1986 the Arctic College Act was approved by the Assembly, and it came into effect in 1987. The Act incorporated the College as a semi-autonomous corporation at "arms length" from the GNWT. The Act set out the purpose of the college - to deliver adult and post-secondary education - and defined the structure and responsibilities of the Board of Governors.

The Arctic College Development Plan, prepared in 1987, detailed the organization and structure of the College, a system of six campuses and community program centres, and outlined program plans for the Northwest Territories. Inuvik campus became operational in early 1987 in a renovated Canadian Forces Base turned over by the Department of National Defense. Then in 1988 the Kitikmeot and Keewatin Campuses were established, and Yellowknife began to be called a campus in 1989. (Note: the GNWT directed that the Inuvik, Keewatin and Kitikmeot campuses be opened in that timeframe.)

Table 1

ARCTIC COLLEGE FULL-TIME REGISTRATION FOR 1984-85 TO 1988-89

	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90
TOTAL COLLEGE	**594**	**667**	**689**	**1,273**	**927**	**947**
Aurora	0	0	40	126	51	186
Keewatin	0	0	0	0	91	87
Kitikmeot	0	0	0	0	29	38
Nunatta	N/A	159	166	371	364	306
Thebacha	N/A	508	435	688	331	254
Yellowknife	N/A	N/A	48	88	61	76

Note: In 1988-89 a more rigorous definition of full-time registration was applied. Also, the registration of adult learners in community learning centres was included in the college registration figures as the centres were transferred to the college. (In 1988-89 the community learning centres were included in the Baffin, Keewatin and Kitikmeot, in 1989-90 the centres in the Inuvik Region were transferred to the College, and finally in 1990-91 the centres in the Fort Smith Region were transferred as well.)

N/A - represents Not Available.

Table 2

ARCTIC COLLEGE STUDENT REGISTRATION BY CAMPUS FOR 1988-89 & 1989-90

	1988-89 Full Time	1988-89 Part Time	1989-90 Full Time	FTE*	1989-90 Part Time
TOTAL COLLEGE	**927**	**5,054**	**947**	**1,706**	**6,391**
Aurora	51	370	186	227	405
Nunatta	364	342	306	591	2,844
Keewatin	91	355	87	151	642
Kitikmeot	29	286	38	82	398
Thebacha	331	559	254	394	761
Yellowknife	61	1,142	76	261	1,341

Note: *In 1989-90 the College defined full-time enrolment and full-time equivalent. Each full-time enrolment equals one full-time equivalent (FTE). (Full-time enrolment is 60% or more study load for two academic terms, or six months or more of instruction at six hours of study per day. Part-time registration is calculated to be 10% of a full-time equivalent, but each part-time trade registration is calculated to be 25% of a full-time equivalent.)

See Attachment 1 for a more detailed presentation of Arctic College registration for 1989-90.

Because of the history of the College, Thebacha is the most well-established campus and it is the only campus, with the exception of the housing maintainer program offered at Nunatta, which offers apprentice trades programs. (Introductory trades programs, however, are offered at many campuses and community learning centres.) The apprentice trades offered are: mechanics, carpentry, heavy duty mechanics and housing maintainer for all levels of training, and electrical for levels 1 and 2 training. (There is an agreement developing with Yukon College whereby Yukon students will attend Thebacha for levels 1 and 2, and Northwest Territories students will attend Yukon College for more advanced electrical training.)

An analysis of the program offerings of the College demonstrates that Thebacha and Nunatta provide a comparable range of skill development courses [certificate (one year) and diploma (two years) courses] with the exception of trades programs, as described above. In the fall of 1990 Aurora offered two certificate programs and one diploma program, whereas the Kitikmeot and Keewatin campuses offered no certificate or diploma programs, but concentrated on academic upgrading and short-term career development courses. Yellowknife, reflecting the demands of the population of that centre, had the largest part-time enrolment and also offered university transfer courses.

However, reviewing the way programs are initiated, it is clear that there is no well-articulated planning framework for the development of new programs, or for deciding on the delivery location of those programs. The College refers to territorial priorities and strategies and based on available information on the demand for training and the education levels of the population, proposes new programs through the operational plan of the GNWT. (Some broad criteria for the introduction of programs is presented in the Strategic Plan.) The GNWT determines whether funding will be provided and may determine where the program is offered.

Similarly, there is no planning framework in place to guide decisions on budget reductions. For example, in December, 1989, because of a cut-back in the federal formula funding, Arctic College was instructed that the GNWT contribution to the College would be reduced by $700,000. As a result a decision was made to reduce the organizational structure and student services at Inuvik, as well as relocate the adult community learning centre on-campus and reduce the security service. The Community Administration Certificate Program was transferred from Aurora to Thebacha College, and a number of positions were also reduced in Thebacha and Nunatta.

Overview of Northwest Territories Educational and Employment Concerns

Although the results of the school system are improving, more students are staying in school and more are graduating, there still continues to be a high percentage of students who leave school before they complete grade nine. Youth, aged 15 to 24 years old, make up 28% of the working population of the Northwest Territories, 9,633 of 34,650 people. The formal education and training they have acquired is a strong indicator of how successful they will be in the labour market; 67% of unemployed persons have a grade nine education or less.

Arctic College was identified in the Northwest Territories employment development strategy, Preparing People for Employment in the 1990s, as the key delivery system for adult education and training in the territories. The largest age group the College serves is 18 to 35 years old, and the majority of these clients want to acquire the education/skills they need to be employed. The employment development strategy stated that the College was to be responsive to the needs of clients and employers, and was responsible for delivering employment preparation programs and to deliver specialized high quality programs which reflect the economic development priorities of the GNWT.

Objectives

In 1988, the Board of Governors stated that:

- The College recognizes the need to make appropriate educational opportunities available to any adult who wishes to learn. To accomplish this, courses and services are delivered at campuses and in communities across the Northwest Territories. In this manner, Arctic College strives to encourage lifelong learning in a rapidly changing world.

The Arctic College Strategic Plan for 1990-95 confirmed that broad mission statement and established the focus of programs at community learning centres and campuses. Centres would continue to focus on basic education and short-term career development courses (often funded by CEIC) and campuses would focus on more advanced basic education courses and courses tailored to regional employment opportunities. Also, some campuses would offer programs in specific occupational fields. However, the plan noted that for the 1990-95 period the College would give priority to adult basic education and academic upgrading. Another priority identified stated that the College should enhance its fund-raising capability. The following diagram illustrates the organizational pyramid of college operations.

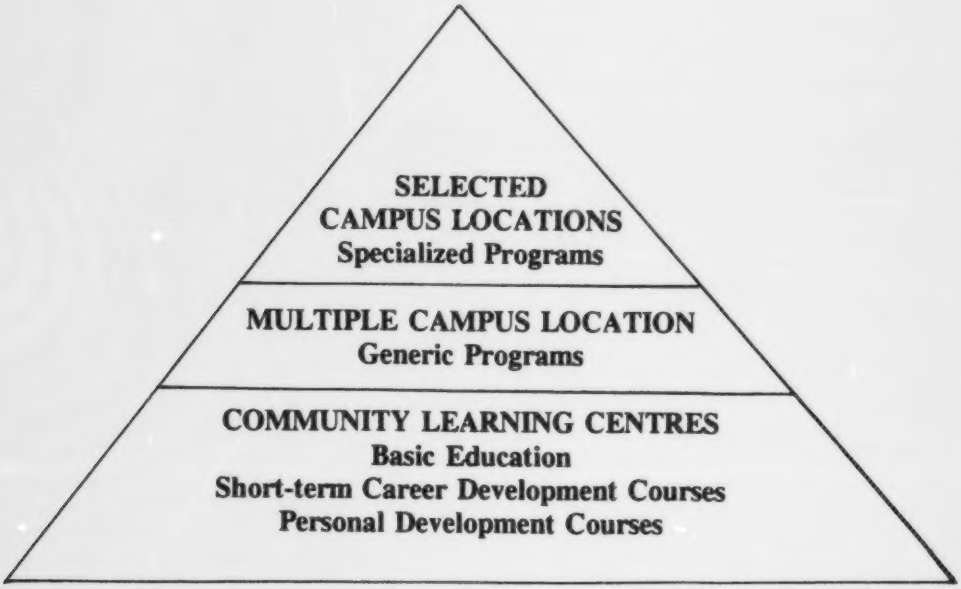
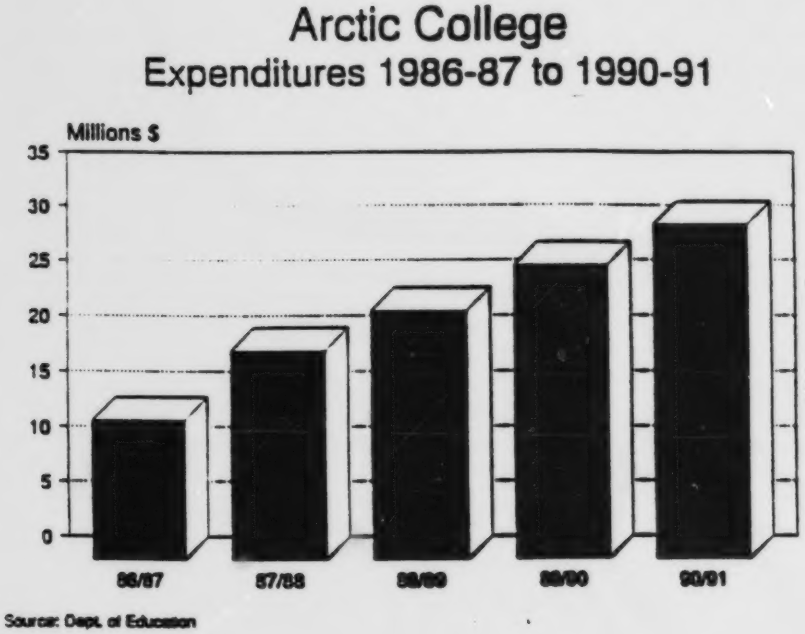

SELECTED
CAMPUS LOCATIONS
Specialized Programs
MULTIPLE CAMPUS LOCATION
Generic Programs
COMMUNITY LEARNING CENTRES
Basic Education
Short-term Career Development Courses
Personal Development Courses

Diagram 1: Arctic College Structure

Budget Description

Budget by Campus

The budget of the College has more than doubled over the period of 1986/87, when Arctic College was incorporated, to 1990-91 - from $12.7 M to $30.3 M (revised Main Estimates). This growth includes growth in programs, but also includes the transfer of adult education ($3 million), an increase in third party funding ($3 million) and the take-over of the utilities, personnel support costs, etc. from the GNWT ($5 million).



Graph 1: Arctic College Expenditures 1986-87 to 1990-91

In fact comparing the Main Estimates prepared for 1988-89 to the Revised Main Estimates of 1990-91 the college showed an overall expenditure growth rate of 60% (see Table 3 below).

Table 3

ARCTIC COLLEGE BUDGET INCREASES BY CAMPUS FOR 1988-89 & 1989-90

Budget ($000's)	Revised Estimates 1990-91	Percentage Growth	Main Estimates 1988-89
TOTAL COLLEGE	**30,335 (100%)**	**60%**	**18,994 (100%)**
Aurora	3,110 (10%)	29%	2,403 (13%)
Nunatta	8,022 (26%)	92%	4,169 (22%)
Keewatin	1,723 (6%)	(N/A)	110 (0.5%)
Kitikmeot	1,649 (5%)	(N/A)	0 (0%)
Thebacha	11,326 (37%)	40%	8,097 (43%)
Yellowknife	1,657 (6%)	54%	1,077 (6%)
Headquarters	2,848 (9%)	121%	1,291 (7%)
Pool*	0 (N/A)		1,847 (10%)

Note: *Main Estimates for 1990-91 demonstrated $3,825,000 in the pool, but by the end of the year the resources in the pool had been allocated amongst campuses. Similarly in the revised estimates for 1988-89 the amount identified in the pool was also 0.

N/A - represents Not Applicable.

Looking at the growth in campuses, obviously the Kitikmeot and Keewatin campuses show the greatest percentage growth from 1988 as they both were then just recently established. (Although Yellowknife was not called a campus until 1989 courses had been provided in that centre for some time. The dollars allocated to Yellowknife show the same percentage of the budget and an over 50% increase from the main estimates in 1988-89 to the revised estimates in 1990-91.) Thebacha shows a 40% increase in resources during that time period, Nunatta a 90% increase and Aurora a 50% increase. Also, looking at the revised 1990-91 budget, the Kitikmeot, Keewatin and Yellowknife campuses represent from 5% to 6% of the budget. Further, Aurora represents 10% of that budget and the two largest campuses, Thebacha and Nunatta, represent 37% and 26% of that budget respectively.

Revenue Budget

In a general review of college programs and program delivery it is also useful to note the revenue budget for Arctic College.

Table 4

ARCTIC COLLEGE REVENUE BUDGET FOR 1989-90 & 1990-91

REVENUE ($000's)	Projected 1991-92 (%)	Revised 1990-91 (%)	Actual 1989-90 (%)
GNWT Contributions (O&M, CAPITAL)	$24,594 (82%)	$22,972 (76%)	$21,231 (70%)
CEIC	3,400 (11%)	3,400 (11%)	3,425 (11%)
Other Revenue - Contract Revenue, Room and Board, Tuition, Investment Income and Donations	2,171 (7%)	3,962 (13%)	5,545 (18%)

It is clear from Table 4 above, that GNWT contributions are becoming a larger percentage of the budget. The revenue source which is decreasing is the contract revenue which has dropped from 11% to 2% as projected for 1991-92. (Contract revenue is represented in the table above as part of the other revenue.) The GNWT also anticipates decreases in the direct purchase revenues provided by CEIC in future years.

Budget Information by General Activity (Task)

Arctic College also presents budget information by general activity categories or task for the overall college budget and by campus. (These tasks were redefined in 1989-90.)

Table 5

ARCTIC COLLEGE BUDGET BY TASK FOR 1990-91 & 1989-90

Budget ($000's)	Revised 1990-91	Percent (%)	Actual 1989-90	Percent (%)
TOTAL COLLEGE	**$30,334**	**100%**	**$30,240**	**100%**
Board and Management	2,032	6.6%	2,340	8%
Finance and Administration	1,766	5.8%	1,683	6%
Campus Programs	9,172	29.9%	10,186	34%
Community Programs	8,051	27.3%	7,092	23%
Student Services	2,753	9%	3,137	10%
Support Services	6,560	21.4%	5,802	19%

The changes to the proportion of the budget allocated to these tasks were generally insignificant over these two years except for the decrease in campus program resources in comparison to the increase in community program resources. This may reflect an increase in part-time students.

Program Budget

As noted above college programs are categorized in the budget as campus or community programs (tasks). College programs are also described generally by type of program; that is, academic, certificate, diploma, career development, personal development and trades. Table 6 below presents college expenditures per full-time equivalent by program type for each campus. The only expenditures represented are those program expenditures contributed by the GNWT and referred to by the college as base expenditures. Registrations supported by fees or third parties are not represented in this table, nor are the costs associated with programs in Student Financial Assistance.

Table 6

ARCTIC COLLEGE BASE EXPENDITURES PER FTE BY PROGRAM AND CAMPUS FOR 1989-90

	Academic On Campus	Certificate and Diploma	Trades	Academic Community Career and Personal Development
TOTAL COLLEGE	$4,893	$13,210	$18,128	$6,860
Aurora	3,187	13,146	(N/A)	8,094
Keewatin	7,029	(N/A)	(N/A)	5,700
Kitikmeot	3,754	(N/A)	9,290	6,729
Nunatta	7,750	23,099	12,946	6,440
Thebacha	8,582	14,097	20,566	8,951
Yellowknife	2,404	3,991	(N/A)	(N/A)

Table 6 demonstrates that FTE costs are not consistent across campuses by program type. This can be explained in part by the specific programs being offered at each campus. The certificate and diploma programs are generally the most costly to deliver and the highest FTE cost for this type of program is demonstrated at Nunatta Campus at $23,099. The trades programs are also almost as costly to provide as certificate and diploma programs; whereas, generally community delivered programs and academic programs on campus are the least costly to deliver. Three campuses, Yellowknife, Keewatin and Kitikmeot, demonstrate the lowest FTE costs.

FTE costs have not yet been developed by program, but Arctic College plans to develop these indicators in 1991-92. However, Arctic College is funded for specific programs by the GNWT, and as a result expenditure information is available by program in the college budget. This information, reviewed together with available information on registration, number of graduates and employment of graduates, although not ideal, provides some indication of the relative effectiveness of college programs. The information presented below identifies the program as a diploma, certificate or trades program and reports the GNWT expenditures for these programs for 1989-90. The information is provided for registrations, etc. supported by base funded programs; programs (such as management studies and clerk typist) may be provided through non-base funding and these registrations are not reported.

Diploma Programs (2 to 3 years), 1989-90

Program Registration and Base Costs	1989 Graduates from Previous Program(s)
Teacher Education	
Base costs - $1,870,000	Grads in 1989 - 9
Registrants - full-time 31 - part-time 85	Grads employed in related work - 9
Renewable Resources / Environmental Technology	
Base costs - $742,059	Grads in 1989 - 15
Registrants - full-time 55 - part-time 9	Grads employed in related work - 8
Management Studies	
Base costs - $673,425	Grads in 1989 - 20
Registrants - full-time 55 - part-time 17	Grads employed in related work - 14

Note: Registration and costs reflect GNWT funded programs. A further 19 grads in 1989 were achieved through non-base funds.

Program Registration and Base Costs	1989 Graduates from Previous Program(s)
Social Services / Human Services	
Base costs - $636,410	Grads in 1989 - 20
Registrants - full-time 46 - part-time 32	Grads employed in related work - 14
Journalism	
Base costs - $159,857	Grads in 1989 - 4
Registrants - full-time 4 - part-time 0	Grads employed in related work - 3
Recreation Leader	
Base costs - $159,857	Grads in 1989 - 4
Registrants - full-time 4 - part-time 0	Grads employed in related work - 3

Certificate Programs (1 year), 1989-90

Program Registration and Base Costs	1989 Graduates from Previous Program(s)
Community Administration Certificate	
Base costs - $333,492 Registrants - full-time 0 - part-time 120	Grads in 1989 - N/A Grads employed in related work - N/A
Interpreter Translator	
Base costs - $259,786 Registrants - full-time 20 - part-time 94	Grads in 1989 - 2 Grads employed in related work - 1
Secretarial Arts	
Base costs - $148,638 Registrants - full-time 26 - part-time 22	Grads in 1989 - 14 Grads employed in related work - 8
Clerk Typist	
Base costs - $61,987 Registrants - full-time 12 - part-time 0	Grads in 1989 - 8 Grads employed in related work - 7

Note: There are additional certificate programs which are not included in this list. They are: School Community Counsellor, Community Health Representative, Nursing Assistant, Arts and Crafts, Early Childhood Education, and Alcohol and Drugs. The first three programs are funded by contract, etc. and the last three programs are new and are now being funded by the GNWT (1991-92).

Trades

The main apprentice trades training is offered at Thebacha Campus, except for the Housing Maintainer Program which is also offered at Nunatta. Information on apprentices completing their programs is provided in Attachment 2, and the cost and registration in specific apprenticeship trades training, where available, is provided below.

Apprentice Carpentry	- 44 part-time registrants - $150,912
Apprentice Electrical	- 11 part-time registrants - $68,957
Housing Maintainer	- 88 part-time registrants - $153,177

Pre-employment or introductory trades training is provided in a number of areas, trades training is provided in Heavy Equipment Operators and Arctic Airports, and apprentice training is also provided in Mechanics.

Academic Studies

Although academic studies is offered on campus the majority of academic upgrading is offered through the adult educators in community learning centres. CEIC provides funding for pre-vocational training for grades 8 - 10 and 10 - 12. This funding is negotiated in an annual direct purchase training plan as part of the Canada-Northwest Territories Agreement on Labour Force Development. (See Attachment 3 for a sample Annual Training Plan.) There are 68 seats noted in the draft plan for 1991-92 for grades 8 - 12, and these 68 seats represent the only opportunities for training allowances while upgrading available to Northwest Territories residents. Through the Social Assistance Recipients Agreement there are also a number of residents who continue to receive social assistance while taking upgrading/training.

It is difficult to accurately identify the percentage of the College budget which is spent on literacy/adult basic upgrading. The Department of Education spends $250,000 on community literacy projects. $315,000 additional dollars for literacy were also contributed to the College. In the 1990-91 budget documents about $.9 million is allocated to adult upgrading on campus and an additional amount is allocated through community programs. The total of community programs includes adult educators salaries, etc. adult educators provide courses in upgrading as well as community and personal development courses and interest courses. An estimate of 60% of the $3.8 million for adult educators and administration, or $2.3 million, may be used as an estimate of community program expenditures on adult education. As a result the total of campus and community programming allocated to adult upgrading/basic education is just over $3 million. This represents about 18% of the total program budget (campus and community).

Career Development

Career Development programs are typically short-term skill development courses such as basic office practice, which is offered in five months, introductory carpentry, which is six months long, and guide training, which is divided into a number of sessions each of which is three weeks long. Many of these programs are offered through the community learning centre and are funded through CEIC or third parties.

Personal Development

The majority of these programs, like career development programs, are offered through Community Learning Centres. This category of courses includes general interest workshops and short courses which are mainly funded through student fees in campus settings. Community and personal development courses as well as interest/leisure courses are also offered by adult educators in communities. The funding for these programs is not provided through GNWT base funding, with the exception of those courses provided in communities by adult educators.

ASSESSMENT OF ARCTIC COLLEGE

Summary of Findings in College Plans and Studies in the 1980s

In addition to the annual on-going exercise of evaluating individual college programs, as it was being established, the institution itself has been the subject of numerous direction-setting studies. As noted earlier the Special Committee on Education provided direction for the College which was debated in the Legislative Assembly in 1982. That direction was refined further in the Arctic College Act established in 1987, the Arctic College Development Plan prepared in 1987 as well, the feasibility study on the location of Arctic College headquarters in Yellowknife prepared in 1989, and the Strategic Plan, 1990-95 approved for tabling in the Legislative Assembly by Cabinet in 1990.

These studies emphasized the need to improve access to learning and affirmed the direction of the development of Arctic College in the mid-1980s as a growing multi-campus organization. With the establishment of new campuses and programs, and the take-over of the responsibility for adult educators during the four years from 1986-87 to 1990-91 the College budget had more than doubled. By the time the Strategic Plan was being written in 1989 the original vision of theme campuses across the North was being questioned somewhat by the GNWT in light of the growth of the College budget. The budget growth was due to a variety of factors, but the main cause was perceived to be the high cost of infrastructure associated with the development of campuses.

Findings of the Funding Allocation System Report, 1991

Recognizing that GNWT objectives for the College are not as clear as they were in the mid-1980s, the comments and recommendations in a consultants' report, A Funding Allocation System For The Arctic College, prepared in 1991 are timely.

The report asserts that the development of a College planning framework and funding formula would:

- help to define and clarify the decision-making roles of the Ministry, the College and campuses, and
- provide the framework through which the GNWT could articulate its objectives, demonstrate its funding priorities, and assess College programs.

If such a formula were in place now, or if the College budget could be quickly translated into the elements of a funding formula, it would provide a rational approach for the review of Arctic College programs and program delivery. Through a funding allocation system priorities could be assigned between:

- campuses of different sizes through an infrastructure support funding envelope,
- campuses in different locations by considering the additional costs of multi-campuses, and
- programs by assigning priorities to the types of programs offered.

However, current College budget categories do not permit analysis according to the funding envelopes proposed in the report.

The funding envelopes, the formulas establishing the envelopes and the funding levels of the envelopes will take time to develop. The report recommends seven envelopes, but cautions that since the College is not a mature institution the funding formula should also allow for growth and change. Similarly, it cautions that the formula not be linked too closely to enrolment because most costs will not fluctuate with enrolment in the Northwest Territories, and small classes will likely continue to be a feature of the College.

There are also essential decisions that have not yet been made with respect to a funding formula approach, such as what College programs should be considered "core", what programs should be offered at particular campuses, and what infrastructure is necessary at each campus. For example, it could be argued that core programs could include adult basic education, and may or may not include the continuum of programs including basic office practices, clerk typist, secretarial arts, and public administration. All other programs could be considered programs responding to specific educational or employment needs of a particular geographic area, or the particular employment needs of specific GNWT client departments.

The report discusses the factors to consider in the planning of programs and the criteria to consider in determining how and where programs will be delivered. The need for a data base on students is emphasized as well as the need to determine demand, consider delivery methods and the resources available, and the need to define a reasonable target for access. The report provides suggestions for program output measurements according to objectives, as the following examples illustrate.

Objective	**Examples of Output Measures**
Access and Equity:	• Enrolment of local high school graduates • Student body age mix vs. adult age mix in service area • Credit received for non-traditional learning • Student enrolment per year per 1,000 area inhabitants (participation rate)*
Employment Preparation and Placement	• Placement of Program Completers in work related jobs within a reasonable amount of time • Completion of required licensure/certificate exams by program completers • Employers' satisfaction with competence of program completers (employability skills, work attitude, etc.) • Program completers' satisfaction with education preparation
Economic Development	• Placement of displaced or unemployed workers who complete regular classroom or customized training • Jobs created or retained as a result of the college's work with employees • Use of educational services by business personnel to start, improve or expand their business • Annual labour market needs met by program completers
College/University Transfer	• Number of students who actually transfer to other senior institutions vs. those who plan to transfer • Acceptance of college credits by senior institution • Baccalaureate degrees obtained by transfer students

*Note: The report emphasizes that the development of participation rates would be more useful than reviewing enrolment. Recognizing that the age of College clients is largely 18 to 35, this age group has been identified in Attacment 4 by the areas the campuses serve. This information can be used to develop College participation rates.

Arctic College is now developing their information base on students, and has begun to perform follow-up surveys on graduation and employment. For example, the College has now developed the cost of program categories (diploma, certificate, trade and career and personal development) by full-time student equivalents, but has not yet developed the full-time student equivalent costs of individual programs. This information will be available in 1991-92. As a result, the data base necessary to determine whether a new program should be introduced, where it should be offered and to measure program outputs is not yet developed.

Annual Program Evaluations

Every year, individual College programs are evaluated. Usually programs are assessed because they are not working as well as they could. The two main purposes of such evaluations then is to identify and explain the problems the program is encountering, and make recommendations to improve program performance.

This is evident in the Heavy Equipment Operator Program Evaluation conducted in 1988. The program was said to be too costly, employers were not satisfied with the work skills of the graduates and there was a high student drop-out rate (38% in comparison to the drop-out rate of 10% to 15% in a similar program offered through Keyano College). The main issues identified in the program evaluation were that the students were not getting the practical experience they required and they also were not getting the lifeskills training employers expected them to have. Recommendations were made to change the content of the program and recommendations were also made to reduce costs by reducing the number of instructors and reducing the vehicle fleet. The evaluation asserted that if the program was amended to meet employer expectations there would be a continuing market for program graduates. The recommendations were carried out and the students, employers, College and GNWT appear to be satisfied with the results.

The College is working on program evaluation procedures as well as the information base and output measures, etc. necessary to assess programs. However, the development of the framework and data for individual program evaluations should not be confused with the development of the College planning/funding allocation system discussed above, although some of the elements are similar. The College has a responsibility to evaluate programs; individual program evaluations generally lead to recommendations to improve the performance of programs. The Ministry and the College should also develop a planning/funding allocation system to enable decision-makers to determine the range and types of programs the College should offer.

Comparing Arctic College with Other Colleges in Canada

When evaluations are conducted on individual College programs comparisons are drawn to other similar programs offered in small northern colleges. However, there are no Canadian standard measures for college program output measures. For example, there are no standard benchmarks for course registration, attrition, or graduation, however, there is some agreement that participation rates are one of the more useful measures.

In general class sizes in most colleges serving southern jurisdictions for career or university transfer programs total usually 25 to 30 students, and for technical programs the class size is usually smaller, 12 to 16 full-time students. The class sizes in Arctic College programs are generally half this number. Most colleges monitor registrations, graduations and employment placement, and if these figures drop the program is evaluated or eliminated. The threshold of concern is different for different programs as well.

In CEIC sponsored programs the completion rate is about 40% to 50% in northern Canada, and as a very broad rule-of-thumb some Arctic College administrators note that if 50% of students are graduating a program is doing relatively well. It is recognized that Arctic College classes will be smaller and that because of a variety of factors the attrition rate and completion rates may be comparatively low, but decisions have to be made on what rates are acceptable for the program dollars invested. In conclusion, the determination of whether or not a program is "doing well" depends upon agreed-upon service standards and program output measures. The GNWT and the College have to determine what these standards and measures will be.

CONCLUSIONS

Arctic College as the Key Delivery Agent:

Although there will unquestionably be a need to continue to provide adult basic education, employment preparation and skill development programs for residents of the Northwest Territories, the way those programs are delivered may be questioned. The first fundamental question that must be decided, particularly in times of fiscal restraint when there are so many social needs to be met in the Northwest Territories, is whether or not a college, which is a costly delivery mechanism, is the best vehicle to meet the adult education and training needs of residents.

In 1989-90 there were 947 full-time students and 6,391 part-time students and the College budget was $30,240,000. Roughly calculating the total cost of the College per estimated full-time equivalent (dividing the part-time figure by 10 and adding it to the full-time student total) the cost of providing programs per student enroled is over $19,000. The costs per registrant and per graduate from certificate, diploma and trade programs is much higher.

Objectives:

If it is decided that a college is the best vehicle to deliver adult education and training programs, the next fundamental decision to be made is precisely what the mission of that college is envisioned to be. In the early to mid-1980s Arctic College was envisioned to be an expanding multi-campus institution. This building vision is beginning to be questioned now by the GNWT in a time of fiscal restraint.

The purpose of the College is to delivery adult post-secondary education. To achieve that purpose the College tries to meet the post-secondary academic and training needs of all residents, while at the same time identifying priorities in programming and approach in the five year strategic plan. As a result, the College is providing basic adult upgrading, career and personal development programs, vocational programs, interest programs and university transfer programs. Although it is recognized that the College is not a mature institution, the scope of the mission of the College is so broad that it appears unclear.

It should also be recognized that the overall direction the GNWT provides the College is also generally unclear. The GNWT approves funding for individual programs and often provides direction for a program delivery location, but as noted in the report, A Funding Allocation System For the Arctic College, an overall framework for higher education in the Northwest Territories has to be considered and developed to guide decision-making.

Data Base:

It is clear and recognized by the College and the GNWT that a detailed information base is necessary for decision-making. Little information is collected and readily available now guiding decisions on infrastructure and student services, or decisions to introduce programs, change program content, or eliminate programs.

Formula Funding Approach:

The roles and responsibilities of the Ministry, the College and College campuses in decision-making are unclear. Decisions are made on discrete programs; there is no overall planning or funding framework for Arctic College.

Fundamental and difficult choices have not yet been made concerning the objectives of the Ministry of Education, the mission of the College and the responsibility to provide post-secondary programs and services to residents of the Northwest Territories. A balance of some kind will have to be struck between the principles of access, economy and stability in College programs and program delivery. A planning and funding framework should be developed based on the recommendations in the report A Funding Allocation System for the Arctic College.

Further as both the GNWT and federal government face fiscal restraint, the main sources of funding for Arctic College programs are threatened. The College has recognized in its Strategic Plan, 1990-95 that marketing its services to third party agencies must be a priority.

Organization and Operational Structure:

A fully developed six-campus College system with a range of programs at each campus site would have been the result of the original vision of Arctic College. As the College has developed the organizational structure and operation of Thebacha in the west is comparable to that of Nunatta in the east. The organizations of the other campuses, however, are small in comparison to these two.

In 1988-89 Aurora Campus was beginning to put a structure in place which resembled the organization of the two largest campuses. That organization was greatly reduced in 1990. However, Aurora still maintains a larger structure than the campuses in the Kitikmeot and Keewatin. The Yellowknife Campus is organizationally unique because of the kind of programming it provides and the number of part-time students.

In times of fiscal restraint it may be more reasonable to concentrate on the development of two main campuses, one in the east and one in the west and consider all other campuses to be regional program centres. The organizational structure of the College will likely have to be reduced.

Program:

In the section describing the program budget above it is clear that it is costly to develop and deliver programs in the Northwest Territories. Diploma (two year) programs are more costly than certificate (one year) programs and trade programs are almost as costly to offer as diploma programs. The most expensive program is the teacher education program, which totalled over $1.8 million in 1989-90, and the least expensive is the clerk typist program, which cost some $62,000.

As noted earlier full-time student equivalent costs have not yet been developed for individual programs, but a gross estimate of those costs indicates that programs range from over $30,000 per registrant (journalism, recreation leader and teacher education) to under $15,000 per registrant for mid-range programs (social services and renewable resources), to approximately $5,000 per registrant for the least costly programs (secretarial arts and clerk typist). The costs per graduate are higher.

Although it could be argued that all programs are costly to deliver some are more costly than others, and some are more poorly subscribed, have higher attrition rates and lower completion rates. However, all those who do graduate appear to be successful. The most recent certificate and diploma program graduate survey performed by Arctic College indicates that about 96% of graduates go on to further education or employment and about 80% of the graduates are employed in related fields. Nevertheless, some programs may have to be cut or consolidated at one delivery site in times of fiscal restraint.

Approach to Recommendations:

The recommendations made in this report will be broad and the cost saving recommendations will be illustrative. Because there is little data and no planning/funding formula in place the only approach remaining for this review with respect to cost savings is to illustrate possible savings by focusing on the broad categories of College organization/operations and programs.

The cost saving measures in options 1 and 2 illustrate ways of reducing costs by eliminating or dramatically reducing the present college operations and programs. The recommendations made in these options are preliminary and very broad.

The cost saving measures identified in option 3 consider changes to the present college structure. The recommendations suggested in this option on organization/ operations focus on reducing all the campuses except Thebacha and Nunatta to regional program delivery centres. The recommendations on programs in this option do not identify which programs should be reduced, or where they should be consolidated, because there is not sufficient definitive data or research time to support such detailed findings. Further, the programming decisions that have to be made are part of the overall planning decisions of the College, as is the identification of specific campuses for program consolidations. These decisions are largely political.

RECOMMENDATIONS

General Recommendations:

- **The GNWT contribution to Arctic College be determined through a funding formula.**
- **An information base on programs and program output measures be developed and maintained.**
- **Funding priority be given to adult basic upgrading and that these programs be delivered largely through community learning centres.**
- **Arctic College market its programs more aggressively to third parties.**

Cost-Saving Measures

Three options are presented below each with cost-saving considerations/recommendations which are illustrative.

OPTION 1

Consider Alternative Delivery Methods

Weighing the principles of access, economy and stability in the provision of adult education and training it is recommended that other alternatives to a college delivery model be considered.

Providing adult and post-secondary education services in the Northwest Territories is costly. One option to consider is to no longer provide a college and college programs in the Northwest Territories. Adult students could receive upgrading through adult educators who may be organized with the Regional offices of Advanced Education and/or community governments, or Divisional Boards of Education and local education authorities, etc. Interest courses could be provided through community governments as well. Any longer term programs such as trades, certificate or diploma programs could be accessed in southern Canada with the support of student financial assistance.

The cost savings resulting from this alternative would be closer to $15 million to $20 million rather than the total cost of Arctic College, because of the continuing cost of adult educators ($3 million), the utilities, etc. associated with the facilities, the cost associated with third party funding and increased demands for student financial assistance (travel costs would be greater as well as tuition, etc.). The actual cost savings from this alternative cannot be determined within the timeframe of this review.

OPTION 2

Dramatically Reduce Arctic College Operations and Program Responsibility

The Project Group recommends:

A dramatically reduced College model of operations and program responsibility be considered.

a. One model of College operations to consider is to decide that Arctic College be established as a junior college, or post-secondary preparation college, bridging the gap between the school system and post-secondary institutions.

In this model Arctic College would continue to be responsible only for the delivery of adult upgrading programs both on campus and through adult educators in communities. It may be reasonable to provide for lower level upgrading in communities and to provide for upgrading from grades 8 to 12 through a campus. One further decision to make in this junior college model is where the college campus will be located, in the east or the west, or in some central location.

Obviously this model of option 2 would provide less cost savings than option 1. It is not possible to calculate here exactly what the total cost savings would be, but it is likely the campus costs would be similar to the costs of the current campuses at Kitikmeot and Keewatin, approximately $1.6 million. As a result the savings would be in the range of over $13 million to over $18 million. (These estimates are very rough; the actual cost savings of this model will have to be developed carefully.)

b. Another model to consider is that Arctic College could continue as a trades college in Fort Smith. The adult education function could be transferred back to the Department of Education as is described in Option 1. This model would save approximately $11 million to $16 million. (These estimates also are very rough; the actual cost savings of this model will have to be developed carefully.)

c. A final model of Option 2 to consider, although any number of models could be developed, is that Arctic College could continue both as a trades college and a college offering post-secondary preparation or upgrading courses.

OPTION 3

Reduce Arctic College Operations and Programs

The following two recommendations are largely illustrative and would result in total College budget reductions in programs of $3 million, $1.5 million in organization and $1.5 million in programs.

The Project Group recommends:

"Campus" development be limited to one main campus in the east, and one in the west, and that the other "campuses" be considered regional program centres.

The total number of positions in Arctic College funded by the GNWT contribution is 215.5. The total number of position reductions proposed is twenty; that is, eight from Aurora, one each from Kitikmeot and Keewatin Campuses, two from Yellowknife, three from Nunatta and five from Thebacha, resulting in a total College budget reduction of $1.5 million.

ARCTIC COLLEGE PERSON YEAR SUMMARY BY CAMPUS & TASK, 1991-92

Tasks	College	Aurora	Kitikmeot	Keewatin	Thebacha	Nunatta	YK	HQ
Total Tasks	**215.5**	**21.0**	**8.0**	**10.0**	**96.0**	**57.5**	**9.0**	**14.0**
Instruction	97.0	4.0	0	0	54.0	31.0	6.0	2.0
Cont. Educ.	51.0	8.0	6.0	8.0	16.0	13.0	0	0
Educ. Mgm.	16.0	2.0	2.0	2.0	4.0	4.0	2.0	0
Stu. Services	26.5	4.0	0	0	15.0	6.5	1.0	0
Physical Plant	1.0	0	0	0	1.0	0	0	0
Fin. & Admin.	19.0	3.0	0	0	6.0	3.0	0	7.0
Bd. & Mgm.	5.0	0	0	0	0	0	0	5.0

Note that this review only addresses the positions funded through the GNWT contribution. There are instructors funded through CEIC and other third parties. Also the proposals on position reductions are preliminary organizational recommendations which should be analyzed further. Regional program centres would at a minimum consist of a director, a clerical position, and the adult educators in the communities of that region. However, it is likely that the College could propose a different mix of positions for reduction which would have less effect on programs and program delivery than the ones proposed. A total of $75,000 was used as an estimate of the value of each position.

Aurora Campus

This would result in a reduction of positions at Aurora from 21 in the current establishment to nine. Four of these positions are associated with specific programs; seven are associated with financial administration and student services, and there is one vice president and one secretary, and one director of community programs and seven adult educators. Estimating each position at $75,000 eliminating the seven administrative and student services positions and the position for the director of community programs would result in a reduction of the operational budget of $600,000. (The four positions for the recreation leader program are addressed later.)

Kitikmeot and Keewatin Campuses

Kitikmeot and Keewatin Campuses

The organization of these two campuses are now fairly minimal. There is a vice president, a clerk, a director of community programs and a number of community adult educators. The only possible reduction in organization at these two campuses would be the director of community programs, resulting in a total budget reduction of $150,000.

Yellowknife

The Yellowknife Campus has a very different profile. It may be possible to reduce that organization of nine by two positions, by combining and downsizing the services offered. This would result in a savings of $150,000.

Nunatta Campus

Nunatta Campus has 57.5 positions. It may be possible to consider reducing both Nunatta Campus and Thebacha Campus positions by 5%. This would result in a reduction at Nunatta of three positions.

To illustrate an approach to position reduction, there are a number of program chairs which may be considered at Nunatta. Although it is recognized that the program chairs are expected to bring in at least the value of their salaries in third party program funding and any reduction in program chairs would reduce the capacity of the College to market programs, it may be possible to combine some of the chairs of similar programs. In this manner it may be possible to eliminate two chair positions. Further in this illustration, it may also be possible to eliminate one of the dean positions, the dean of community programs, since there are two directors of community programs (one for the north and one for the south Baffin). As a result three positions may be considered - a budget reduction of $225,000.

Thebacha Campus

Thebacha Campus has 96 positions. Reducing this establishment by 5% would result in the reduction of five positions.

An illustration of how such a reduction could be implemented follows. There are six positions in the Finance and Administration Division in comparison to three at Nunatta, there is a relatively large Student Services Division of fifteen, there is one dean and a number of program chairs, and there is a relatively large on-campus management division for extensions and community programs. It may be possible to reduce the organization at Thebacha by at least five positions in these areas. Since Thebacha manages a budget which is similar in size to the budget managed by Nunatta it may be possible to reduce the finance and administration division by three positions. It may also be possible to reduce the Student Services Division and the On-Campus Management of Community Programs by one position. This would result in a budget reduction to the campus of $300,000.

The Project Group recommends:

Consideration be given to the reduction of some programs, and to consolidating the delivery of some programs now offered at more than one campus through only one campus.

Any further reductions in the College budget beyond the reductions in organization identified in recommendation one, require that programs be cut and/or consolidated. However, this review will not recommend that specific programs be eliminated. Too little information is now available to measure College programs, and the time permitted for this review was too short to confidently identify the programs that were least effective. Further the choices amongst the adult education/post-secondary programs ultimately to be offered in the Northwest Territories are dependent on the planning decisions made by the GNWT and the College. As a result a number of programs will be identified as examples for consideration.

If two of the diploma programs and one of the certificate programs were eliminated (for example, the journalism, recreation leader and interpreter/ translator programs), estimating each program at $250,000, the total College budget reduction would be approximately $750,000. In addition, since the teacher education program is twice as costly to provide as the next most expensive program it may be reasonable to consider a similar reduction to the budget of this program, a reduction of $250,000 from the total of $1.870 million.

Another alternative proposed is the consolidation of program offerings through one campus, either Thebacha or Nunatta. For example, the Social Worker/ Human Services Program could be consolidated at Thebacha or Nunatta, resulting in an estimated cost savings of approximately $250,000. Similarly, the Renewable Resource Technology/Environmental Technology Program could be consolidated at Nunatta or Thebacha, resulting in a further estimated cost savings of approximately $250,000.

The total of College budget reductions resulting from these examples is $1.5 million.

ATTACHMENT 1

NORTHWEST TERRITORIES
DIRECT PURCHASE TRAINING FORECAST
1991/92
APRIL 29, 1991
FIFTH DRAFT

SKILL	$ 1,722,136
P.V.T.	$ 987,000
APPRENTICESHIP	$ 550,000
PRIVATE	$ 150,000
SUB-TOTAL	**$ 3,409,136**
ALLOWANCES	$ 2,200,000
TOTAL	**$ 5,609,136**

02-May-91

1991/92 NWT DIRECT PURCHASE TRAINING FORECAST (5th DRAFT)

PAGE 1

SKILL (OFF-CAMPUS)

COURSE	LOCATION	START DATE	FINISH DATE	Y.K.	FORT SIMP	FORT SMITH	RANKIN INLET	INUVIK	IQALUIT	HAY RIVER	COURSE LENGTH		TOTAL SEATS	DAYS PURCHASED		COST PER DIEM	COURSE COST	
											TFY	NFY		TFY	NFY		TFY	NFY
BASIC OFFICE PRACTICE	ARVIAT						7				100		7	700		$41.00	$28,700.00	
BASIC OFFICE PRACTICE	BAKER LAKE						7				100		7	700		$41.00	$28,700.00	
BASIC OFFICE PRACTICE	CORAL HARBOUR						5				100		5	500		$41.00	$20,500.00	
BASIC OFFICE PRACTICE	FORT LIARD				7						120		7	840		$41.00	$34,440.00	
INTRODUCTORY CARPENTRY	WHALE COVE						5				100		5	500		$63.05	$31,525.00	
INTRODUCTORY CARPENTRY	BAKER LAKE						7				100		7	700		$63.05	$44,135.00	
INTRODUCTORY CARPENTRY	FORT LIARD				7						120		7	840		$63.05	$52,962.00	
INTRODUCTORY CARPENTRY	GJOA HAVEN			7							120		7	840		$63.05	$52,962.00	
ADMINISTRATIVE COMPUTING	HAY RIVER									7	60		7	420		$70.00	$29,400.00	
CLERK RECEPTIONIST	FORT RESOLUTION									7	100		7	700		$41.00	$28,700.00	
ELEMENTARY CARPENTRY	NAHANNI BUTTE				7						50		7	350		$62.25	$21,787.50	
MARINE TRAINING	IQALUIT REGION								7		30		7	210		$77.65	$16,306.50	

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1991/92 NWT DIRECT PURCHASE TRAINING FORECAST (5th DRAFT)

PAGE 2

SKILL (NUNATTA)

COURSE	LOCATION	START DATE	FINISH DATE	Y.K.	FORT SIMP	FORT SMITH	RANKIN INLET	INUVIK	IQALUIT	HAY RIVER	COURSE LENGTH		TOTAL SEATS	DAYS PURCHASED		COST PER DIEM	COURSE COST	
											TFY	NFY		TFY	NFY		TFY	NFY
CLERICAL SECRETARIAL PROC	IQALUIT								7		140		7	980		$37.10	$36,358.00	
CO-OPERATIVE COOKING	IQALUIT								7		180		7	1,260		$77.85	$98,091.00	
CO-OP CARPENTRY TERM 1&2	IQALUIT								10		120		10	1,200		$63.05	$75,660.00	
CO-OP CARPENTRY TERM 3	IQALUIT								8		60		8	480		$63.05	$30,264.00	
CO-OP CARPENTRY TERM 4	IQALUIT								8		60		8	480		$63.05	$30,264.00	
JEWELLRY METALWORK	IQALUIT								7		120		7	840		$63.05	$52,962.00	
PRE-TRADES PREPARATION	IQALUIT								7		120		7	840		$61.05	$51,282.00	
EARLY CHILDHOOD EDUCATION	IQALUIT								7		140		7	980		$61.05	$59,829.00	

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SKILL (AURORA)

COURSE	LOCATION	START DATE	FINISH DATE	Y K	FORT SIMP	FORT SMITH	RANKIN INLET	INUVIK	IQALUIT	HAY RIVER	COURSE LENGTH TFY	NFY	TOTAL SEATS	DAYS PURCHASED TFY	NFY	COST PER DIEM	COURSE COST TFY	NFY
TRADES ORIENTATION	INUVIK							10			50		10	500		$62.45	$31,225.00	
SECRETARIAL ARTS	INUVIK							7			140		7	980		$41.00	$40,180.00	
INTRODUCTORY CARPENTRY	INUVIK							7			120		7	840		$63.05	$52,962.00	

SKILL (KEEWATIN)

COURSE	LOCATION	START DATE	FINISH DATE	Y K	FORT SIMP	FORT SMITH	RANKIN INLET	INUVIK	IQALUIT	HAY RIVER	COURSE LENGTH TFY	NFY	TOTAL SEATS	DAYS PURCHASED TFY	NFY	COST PER DIEM	COURSE COST TFY	NFY
PRE-EMPLOYMENT CARPENTRY	RANKIN INLET						8				100		8	800		$63.05	$50,440.00	
TRADES ORIENTATION (REGIONAL	RANKIN INLET						8				50		8	400		$62.45	$24,980.00	
SECRETARIAL ARTS (REGIONAL)	RANKIN INLET						8				140		8	1,120		$41.00	$45,920.00	

SKILL (KITIKMEOT)

COURSE	LOCATION	START DATE	FINISH DATE	Y K	FORT SIMP	FORT SMITH	RANKIN INLET	INUVIK	IQALUIT	HAY RIVER	COURSE LENGTH TFY	NFY	TOTAL SEATS	DAYS PURCHASED TFY	NFY	COST PER DIEM	COURSE COST TFY	NFY
ASIC OFFICE PRACTICE	CAMBRIDGE BAY			7							120		7	840		$37.10	$31,164.00	

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SKILL (YELLOWKNIFE)

COURSE	LOCATION	START DATE	FINISH DATE	Y K	FORT SIMP	FORT SMITH	RANKIN INLET	INUVIK	IQALUIT	HAY RIVER	COURSE LENGTH TFY	NFY	TOTAL SEATS	DAYS PURCHASED TFY	NFY	COST PER DIEM	COURSE COST TFY	NFY
SECRETARIAL ARTS	YELLOWKNIFE			10							180		10	1,800		$41.00	$73,800.00	
SECRETARIAL REFRESHER	YELLOWKNIFE			7							30		7	210		$57.60	$12,096.00	
INTRO COMPUTERS & WORD PRO	YELLOWKNIFE			7							30		7	210		$94.15	$19,771.50	
COMPUTERIZED ACCOUNTING	YELLOWKNIFE			5							50		5	250		$70.00	$17,500.00	
CERTIFIED NURSING ASSISTANT	YELLOWKNIFE							1	4		200		5	1,000		$61.05	$61,050.00	

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1991/92 NWT DIRECT PURCHASE TRAINING FORECAST (5th DRAFT)

PAGE 5

SKILL (THEBACHA)

COURSE	LOCATION	START DATE	FINISH DATE	Y.K.	FORT SIMP	FORT SMITH	RANKIN INLET	INUVIK	IQALUIT	HAY RIVER	COURSE LENGTH		TOTAL SEATS	DAYS PURCHASED		COST PER DIEM	COURSE COST	
											TFY	NFY		TFY	NFY		TFY	NFY
SECRETARIAL ARTS (REGIONAL)	THEBACHA CAMPUS			7							180		7	1,260		$41.00	$51,660.00	
PRE-EMPLOYMENT CARPENTRY	THEBACHA CAMPUS			7							120		7	840		$63.05	$52,962.00	
LONG TERM CARE WORKER	THEBACHA CAMPUS			8							70		8	560		$61.05	$34,188.00	
HEAVY EQUIPMENT OPERATOR	THEBACHA CAMPUS			3	3						220		6	1,320		$138.55	$182,886.00	
SMALL ENGINE REPAIR	THEBACHA CAMPUS			7							80		7	560		$70.85	$39,676.00	
PRE-EMPLOYMENT COOKING	THEBACHA CAMPUS			4							110		4	440		$77.85	$34,254.00	
CLASS 1 & 2 DRIVER TRAINING	THEBACHA CAMPUS			1	5						30		6	180		$78.40	$14,112.00	
INTRODUCTORY FRAMING	THEBACHA CAMPUS			7							60		7	420		$63.05	$26,481.00	

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1991/92 NWT DIRECT PURCHASE TRAINING FORECAST (5th DRAFT)

PAGE 6

PVT 8-10

	LOCATION	START DATE	FINISH DATE	Y.K.	FORT SIMP	FORT SMITH	RANKIN INLET	INUVIK	IQALUIT	HAY RIVER	COURSE LENGTH		TOTAL SEATS	DAYS PURCHASED		COST PER DIEM	COURSE COST	
											TFY	NFY		TFY	NFY		TFY	NFY
	CAMBRIDGE BAY			7							120		7	840		$35.00	$29,400.00	
PVT 8-10	COPPERMINE			6							120		6	720		$35.00	$25,200.00	
PVT 8-10	HOLMAN			4							120		4	480		$35.00	$16,800.00	
PVT 8-10	SPENCE BAY			4							120		4	480		$35.00	$16,800.00	
PVT 8-10	GJOA HAVEN			4							120		4	480		$35.00	$16,800.00	
PVT 8-10	TREE OF PEACE (YK)			4							120		4	480		$35.00	$16,800.00	
PVT 8-10	CAPE DORSET								7		120		7	840		$35.00	$29,400.00	
PVT 8-10	ARCTIC BAY								7		120		7	840		$35.00	$29,400.00	
PVT 8-10	CLYDE RIVER								7		120		7	840		$35.00	$29,400.00	
PVT 8-10	HAY RIVER									10	120		10	1,200		$35.00	$42,000.00	
PVT 8-10	FORT PROVIDENCE									4	120		4	480		$35.00	$16,800.00	
PVT 8-10	FORT RESOLUTION									7	120		7	840		$35.00	$29,400.00	
PVT 8-10	RAE EDZO			6							120		6	720		$35.00	$25,200.00	
PVT 8-10	FORT SMITH					10					120		10	1,200		$35.00	$42,000.00	

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PVT 8-10

COURSE	LOCATION	START DATE	FINISH DATE	Y.K.	FORT SIMP	FORT SMITH	RANKIN INLET	INUVIK	IQALUIT	HAY RIVER	COURSE LENGTH TFY	NFY	TOTAL SEATS	DAYS PURCHASED TFY	NFY	COST PER DIEM	COURSE COST TFY	NFY
PVT 8-10	FORT SIMPSON				7						120		7	840		$35.00	$29,400.00	
PVT 8-10	FORT SMITH (REG)			7							120		7	840		$35.00	$29,400.00	
PVT 8-10	FORT LIARD				7						120		7	840		$35.00	$29,400.00	
PVT 8-10	HAY RIVER									10	120		10	1,200		$35.00	$42,000.00	
PVT 8-10	INUVIK							7			120		7	840		$35.00	$29,400.00	
PVT 8-10	BROUGHTON ISLAND								7		120		7	840		$35.00	$29,400.00	
PVT 8-10	IGLOOLIK								7		120		7	840		$35.00	$29,400.00	
PVT 8-10	FORT MCPHERSON							7			120		7	840		$35.00	$29,400.00	
PVT 8-10	TUKTOYAKTUK							6			120		6	720		$35.00	$25,200.00	
PVT 8-10	FORT NORMAN							4			120		4	480		$35.00	$16,800.00	
PVT 8-10	FORT FRANKLIN							4			120		4	480		$35.00	$16,800.00	
PVT 8-10	AKLAVIK							7			120		7	840		$35.00	$29,400.00	

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PVT 8-12

COURSE	LOCATION	START DATE	FINISH DATE	Y.K.	FORT SIMP	FORT SMITH	RANKIN INLET	INUVIK	IQALUIT	HAY RIVER	COURSE LENGTH TFY	NFY	TOTAL SEATS	DAYS PURCHASED TFY	NFY	COST PER DIEM	COURSE COST TFY	NFY
PVT 8-12	KEEWATIN REGION						24				120		24	2,880		$35.00	$100,800.00	
PVT 8-12	CAMBRIDGE BAY			7							120		7	840		$35.00	$29,400.00	
PVT 8-12	YELLOWKNIFE			10							120		10	1,200		$35.00	$42,000.00	
PVT 8-12	FORT SMITH			6	4						120		10	1,200		$35.00	$42,000.00	
PVT 8-12	HAY RIVER									10	120		10	1,200		$35.00	$42,000.00	
PVT 8-12	INUVIK							7			120		7	840		$35.00	$29,400.00	

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PRIVATE PURCHASE AND APPRENTICESHIP

PRIVATE PURCHASE	$150,000.00
APPRENTICESHIP	$550,000.00

ATTACHMENT 2

Table B1

ARCTIC COLLEGE FULL-TIME CREDIT REGISTRATIONS BY PROGRAM CATEGORY FOR 1989-90

	Academic	Certificate	Diploma	Trades	Career Development
TOTAL COLLEGE	477	194	185	44	47
Aurora	120	34	16	0	16
Keewatin	80	0	0	0	7
Kitikmeot	21	0	0	0	17
Nunatta	156	61	54	28	7
Thebacha	60	63	115	16	0
Yellowknife	40	36	0	0	0

Table B2

ARCTIC COLLEGE PART-TIME CREDIT REGISTRATIONS BY PROGRAM CATEGORY FOR 1989-90

	Academic	Certificate	Diploma	Trades	Career Development
TOTAL COLLEGE	666	817	274	346	1,355
Aurora	175	4	0	0	93
Keewatin	0	0	0	0	43
Kitikmeot	176	0	0	31	154
Nunatta	188	166	104	47	703
Thebacha	14	14	12	268	127
Yellowknife	113	633	158	0	235

Table B3

ARCTIC COLLEGE PART-TIME NON-CREDIT REGISTRATIONS FOR 1989-90

TOTAL COLLEGE	2,933
Aurora	133
Keewatin	599
Kitikmeot	37
Nunatta	1,636
Thebacha	326
Yellowknife	202

ATTACHMENT 3

APPRENTICESHIP ENROLMENT AND COMPLETION STATISTICS, 1990

Apprenticeship Enrolment 1990

Total No. of Apprentices	425
No. of Native Apprentices	216 (51%)
No. of Women Apprentices	16 (4%)

Apprenticeship Training Location 1990

Total No. of Apprentices	425
Training at Arctic College	245 (58%)
Training outside N.W.T.	180 (42%)

Apprenticeship Graduation Statistics, 1990

Graduating Apprentices	143
No. of Native Graduates	61 (42%)
No. with I.P. Red Seal	91 (63.6%)
No. in non-I.P. Trades	39 (27.3%)

ATTACHMENT 4

Population 15 Years of Age & Over, by Highest Grade Completed and Age
Northwest Territories, Winter 1989

	15 Years & Over	(%)	18 - 35 Years	(%)
Northwest Territories	34,650	100	17,597	100
Grade 3 or Less	3,769	11	228	1
Grade 4 to 8	7,384	21	4,063	23
Grade 9 to 11	5,715	16	3,234	18
High School Diploma	5,307	15	3,607	20
Certificate or Diploma	8,394	24	4,591	26
University Degree	3,611	10	1,742	10
Not Provided	471	1	132	1
Baffin Region	6,308	100	3,359	100
Grade 3 or Less	1,168	19	63	2
Grade 4 to 8	1,841	29	1,212	36
Grade 9 to 11	1,008	16	731	22
High School Diploma	461	8	340	10
Certificate or Diploma	1,174	19	714	21
University Degree	456	7	241	7
Not Provided	159	3	58	2
Keewatin Region	3,195	100	1,690	100
Grade 3 or Less	599	19	28	2
Grade 4 to 8	1,015	32	651	39
Grade 9 to 11	543	17	408	24
High School Diploma	171	5	122	7
Certificate or Diploma	577	18	359	21
University Degree	186	6	104	6
Not Provided	104	3	18	1
Kitikmeot Region	2,457	100	1,272	100
Grade 3 or Less	554	23	27	2
Grade 4 to 8	917	37	590	46
Grade 9 to 11	264	11	214	17
High School Diploma	94	4	73	6
Certificate or Diploma	411	17	281	22
University Degree	130	5	65	5
Not Provided	87	4	20	2
Inuvik Region	5,531	100	2,888	100
Grade 3 or Less	505	9	12	-
Grade 4 to 8	1,299	23	565	20
Grade 9 to 11	926	17	573	20
High School Diploma	849	15	610	21
Certificate or Diploma	1,488	27	905	31
University Degree	436	8	212	7
Not Provided	28	1	11	-
Fort Smith Region	17,159	100	8,388	100
Grade 3 or Less	922	5	95	1
Grade 4 to 8	2,312	13	1,045	12
Grade 9 to 11	2,973	17	1,309	16
High School Diploma	3,711	22	2,462	29
Certificate or Diploma	4,744	28	2,332	28
University Degree	2,403	14	1,120	13
Not Provided	93	1	25	-

Population 15 Years of Age & Over, by Highest Grade Completed and Age
Northwest Territories, Winter 1989

	15 Years & Over	(%)	18 - 35 Years	(%)
Fort Smith Region	17,159	100	8,388	100
Grade 3 or Less	922	5	95	1
Grade 4 to 8	2,312	13	1,045	12
Grade 9 to 11	2,973	17	1,309	16
High School Diploma	3,711	22	2,462	29
Certificate or Diploma	4,744	28	2,332	28
University Degree	2,403	14	1,120	13
Not Provided	93	1	25	-
Yellowknife	9,194	100	4,615	100
Grade 3 or Less	50	1	-	-
Grade 4 to 8	488	5	156	3
Grade 9 to 11	1,447	16	491	11
High School Diploma	2,607	28	1,728	37
Certificate or Diploma	2,725	30	1,344	29
University Degree	1,855	20	896	19
Not Provided	21	-	-	-
Fort Smith Region (excl. YK)	7,965	100	3,773	100
Grade 3 or Less	872	11	95	3
Grade 4 to 8	1,824	23	889	24
Grade 9 to 11	1,526	19	818	22
High School Diploma	1,104	14	734	19
Certificate or Diploma	2,019	25	988	26
University Degree	548	7	224	6
Not Provided	72	1	25	1

Source: 1989 NWT Labor Force Survey
Prepared by: NWT Bureau of Statistics (May 17, 1991)

APPENDIX 11:
HEALTH SERVICES AND FACILITIES: THE "NORTHWEST TERRITORIES WAY" MODEL OF HEALTH CARE DELIVERY

PROGRAM DESCRIPTION

Background

As a nation, we are rapidly getting to the point where we can barely afford to take care of our health. The costs of health care in Canada are high and getting higher. How Canadians meet the challenge over the next decade of high costs of health care and universal coverage will determine whether the Canadian system of health care remains intact. One contributor to the health care crisis is the costs of the present model of delivery as it has developed in southern Canada. This model is known as the "medical" model. It is a model which, rather than delegating provision of health services to the most cost effective and competent care giver, encourages the provision of health services by the highest cost care giver - the medical doctor. It is a model in which the medical doctor is the central figure, and around whom observation, treatment, billing and payment are structured.

Under the "medical" model, medical doctors are instrumental in the intake of patients. They control the level and quality of servicing from that time forward. They also control the follow-up. Their work is reflected in their billings in which they charge for each "service" which is performed. The fee for service drives the costs and although the fee is fixed by government, the services are determined exclusively by the consulting physicians. Costs are difficult for governments to either predict or control.

Further, because of the lack of cost to either the doctor or the patient, and the "californization" of medical liability, doctors practise defensive medicine, making referrals to specialists and diagnostic testing when the problem might be complex, the diagnosis might be uncertain, or where caution would request that certain unlikely disease conditions be eliminated. This defensive medicine drives costs up.

Additionally, under the "medical" model, expensive equipment is needed to conduct sophisticated diagnostic tests, which are requested by physicians. Staff with training on this equipment is necessary. This increase in high tech equipment and costs also contributes to the driving up of medical costs.

It is not surprising, therefore, that where the "medical" model exists, health care consumes a significant part of the provincial budget. The present costs of health care represent about 40% of the cost of many provincial budgets. It is also not surprising that provinces which have a "medical" model of health delivery have decided to re-evaluate how health care is delivered to their citizens.

Prior to the formative years of the medical model in southern Canada, the government, the religious orders, and the private physicians were all involved in the delivery of medical care. In the Northwest Territories, principally government, and secondly religious orders were active participants in delivery of medical care. Private physicians, with a few exceptions were not significant independent actors.

In their establishment of the health care delivery model in the Northwest Territories, the government was unable to develop a parallel system to that developed in the south. Doctors were difficult to recruit. Those recruited did not stay long. They could not easily be encouraged to work without government salaries, support or guarantees. Further, medical assistance was not available down the road or close at hand, as distances were so prohibitive and roads, for the most part, non-existent.

The response early on by the federal government, which had legislative responsibility for health delivery in the Northwest Territories, was to develop a three-tiered model. Small communities were equipped with nursing stations and had occasional visits from physicians with airplane access to greater services if needed. Medium-sized communities (including Yellowknife) had enhanced facilities - either a resident physician or a hospital, with airplane access to greater services in the closest southern centre - Edmonton, Winnipeg, or Montreal.

Nurses were recruited into most small communities, where their principal emphasis was on providing "primary" health care - delegated diagnostic and treatment activities, public health program delivery, and counselling on healthy life styles. When the patient was unable to be tended to, she or he was sent by air to a place where a medical doctor could see him or her; occasionally a medical doctor would attend a community. The medium-sized communities developed a system of facilities and services, which were all consistent with the idea that health care would be delivered at that community, and if not available, would be provided at the closest place where such care was available.

The Present Health Care Model in the Northwest Territories

The health delivery model "devolved" from the federal Government in 1986 and 1988 contained a legacy of facilities and services which reflected this general approach of the establishment of nursing stations in small communities and the build up of facilities in medium-sized communities.

The present system of services and facilities spans the range between the nursing station and the large modern hospital.

The vast majority of traditional native communities fit into the first tier of the federal model. There is typically a nursing station (now known as a health centre), staffed by a nurse, with contact with physicians in larger communities. Periodically, doctors visit these communities, periodically people are flown out to larger communities where the appropriate health care is available.

There are four communities which are physician-based, which contain no hospital facilities: Cambridge Bay, Fort Rae, Rankin Inlet and Norman Wells.

The physician in Cambridge Bay is salaried by the local health board and serves most of the Kitikmeot Region. The physician in Rankin Inlet, likewise, is salaried by the local health board, serving the Keewatin. Fort Rae has had a physician in the community for 25 to 30 years, firstly working within a now abandoned local hospital, and latterly working in the community. This physician is on contract with the MacKenzie Regional Board of Health. The physician in Norman Wells is a private physician, associated with the private medical clinic in Inuvik and operating on a fee for service basis.

The Keewatin District has a long historical relationship with Manitoba. For years, Churchill and the University of Manitoba in Winnipeg have been the referral destinations of patients. Doctors from the University of Manitoba have been working actively in the district for years and hold tenaciously to this privilege. The sentiment in the Keewatin, likewise, is that travel to Manitoba is their "right", and preferable to travel to Yellowknife. The only present community alternative to travel to Manitoba is the creation of a hospital in the Keewatin.

There are six other communities with "hospitals".

The hospital in Fort Simpson is an outreach of the MacKenzie Regional Board of Health. It presently has two physicians under contract, each resident for 6 months of the year. It has 17 beds, with an acute bed occupancy rate of 25% in 1989-90, the last year for which complete data is available.

The hospital in Fort Smith has two physicians who are employees of the hospital board. It has 28 beds, with an acute bed occupancy rate of 8.5% in 1989-90.

The hospital in Hay River is run on contract by the Pentecostal Church. There are a combination of contract physicians and fee-for-service physicians. The hospital has 58 beds and an acute bed occupancy rate of 38% in 1989-90.

Inuvik has both a hospital and a private clinic. The private clinic presently has four fee-for-service physicians, while the hospital, through the Health Board, employs two physicians. The Inuvik hospital has 73 beds, and an acute bed occupancy rate of 30%. The doctors from the private clinic also travel to local communities where they perform both contractual and fee-for-service functions.

Iqaluit has a regional hospital, with the only physicians in the Baffin. Physician-level cases are directed to the hospital from the communities in the Baffin, where they are seen by general practitioners on contract or salary with the Health Board. Specialists visit the hospital from time to time. For residents of Iqaluit, health services are available at the outpatient department of the hospital by either a nurse or a physician.

Yellowknife has a hospital, which is, to a large and increasing extent, a regional hospital. All specialists in Yellowknife are employed or on contract with the health board. All general practitioners in Yellowknife are fee-for-service physicians.

The pressures to provide more doctors to more communities, more specialists in more places, and more elaborate treatment capabilities are unending. Meanwhile the hospitals in the four western Arctic Communities (excluding Yellowknife) are considered by the Department of Health to be marginal operations on the basis of cost.

Given the hospitals, the number of doctor-staffed communities, and the general community pressure to receive "modern" medical care, it is clear that if the system is allowed to develop further without any specific strategic planning, the "medical" model will take hold in more places, with no net benefits in quality and enormous increases in costs.

The Department of Health cannot be blamed or congratulated for the present state of affairs. However, it is to be commended for recognizing how critical the next few years are. If the system is allowed to drift into the mature southern-style "medical" model, the incremental costs will be substantial. The Department has taken some incremental steps, but is concerned about proceeding much further without producing a long term strategy to explain to Northwest Territories residents the policy framework which is guiding its decisions.

The Strategic Vision of the Department of Health

The GNWT can allow its medical delivery model neither to drift nor to slip incrementally into the "medical" model of health delivery. Neither can it develop a better model without both publicizing it and making difficult political decisions relating to its implementation.

Consequently, the Department of Health has developed a model for health care which it has called the "Northwest Territories Way". It is our conclusion that this is a model which, if implemented, will provide as good or better health care at a lower cost.

There are four elements to this model:

1. Communities will be staffed with salaried teams of health care providers in health centres who will place an emphasis on primary care. These health care teams will run the health centres, acting as advocates for healthy lifestyles and providing health care on an ongoing and pro-active basis.

2. The community health centres will have coordinated back-up by way of telephone and other consultative linkages with outside health professionals, regular visits by physicians, and medical travel to the closest hospital when appropriate. The role of these physicians will be primarily as consultants and secondarily as care-givers. Local para-professional health care workers will act as support staff.

3. Stanton Yellowknife Hospital (SYH) will become a regional hospital for referral of patients from all communities in the Western Arctic and the Kitikmeot. It will be the regional hospital for selected referrals from the Keewatin.

4. SYH will increase the levels of care available in Yellowknife to reduce medical travel south to Edmonton and Winnipeg.

To implement the model, there will be a variety of changes necessary to the status quo. These include the following:

Yellowknife:

- The population of Yellowknife will still have access to private fee-for-service physicians. However, the Department of Health will work together with the physicians to place a value on their roles as consultants and educators, compensating them by salary or contract for this work. Ultimately, the fee schedule will be modified to reflect this changed role. The Department of Health will also encourage (both philosophically and financially) the employment of nurse practitioners by private medical clinics, so that large numbers of patients can be seen by these lower cost care-givers.
- SYH will move further in the direction of a full service regional hospital. Referrals from elsewhere in the Western Arctic, the Kitikmeot and the Keewatin will come firstly to Yellowknife before access to the southern centre. SYH will also increase its services to decrease the requirement for southern travel.

Inuvik:

- The style of medical practise in Inuvik will have to be changed so that there is a decreased emphasis by the physicians in this community on "fee for service" billings and a greater willingness to act as consultants and educators. The number of physicians will have to be decreased from six to four so that the community is not over-doctored. There will have to be a change in the hospital from its present under-utilized presence, through efficiency measures such as closing down unused beds and reducing the size of the surgical unit, a process which the community has already begun.

- The other "hospital" communities - Fort Smith, Hay River, Fort Simpson:

  To make the facilities in these "medium" sized communities consistent with this model, and no longer under-utilized hospitals, it is necessary to maximize their effectiveness.

  In the case of the hospital in Fort Simpson, this means transforming the hospital into a modern health centre, with no elective birthing and long term care being removed into the community through home care, and other non-institutional community health care.

  In the case of the hospital in Fort Smith, the present facility can be best utilized by being transformed into a health centre with certain "hospital" components. One option envisaged for the present hospital is to eliminate acute care beds, with primary care, birthing, and long term care remaining. A more expansive option would see the removal of long term care as well. Birthing and primary care would remain.

  The hospital in Hay River is seen as remaining as a hospital, but more compact. Under one option, the number of acute beds would be reduced, but all other "hospital" functions would be present. Under a more expansive option, all acute services would be eliminated.

Norman Wells:

- A fee for services physician resident in Norman Wells is incompatible with the health delivery model. The physician should be removed from Norman Wells, the decision most consistent with the model. If allowed to remain, the role and method of remuneration of the physician must be reconsidered.

Fort Rae:

- The presence of a contract physician in Edzo is incompatible with the health delivery model. His services should be replaced with those of a primary care nurse.

The Keewatin:

- The referral patterns from the Keewatin into Churchill and Winnipeg will have to be modified so that the referral of selected services is firstly to Yellowknife, and in the event of there being insufficient services available there, to Winnipeg. Much like the present referral patterns in the south MacKenzie region where patients often go directly to Edmonton, the referral patterns in the Keewatin will have to be modified so that Yellowknife is the primary destination for many services.

In the vast majority of the communities, there is no necessity to change the health care model because it is already consistent with the Department of Health's strategic vision.

A final change necessary to implement the model is the identification of training opportunities and the training of staff. Nurses need to have their skills upgraded to the levels of "nurse practitioners", being responsible for many of the diagnostic services as well as the other aspects of primary health care. The role of local para-professional health care workers needs to be developed and integrated into the model. People in the communities need to be identified and trained to occupy these positions.

The strategic vision of the Department of Health in development of the "Northwest Territories Way" is strongly applauded. In the view of the Project Group, it represents a realistic and apparently cost-effective way for the health care system in the Northwest Territories to develop.

COSTING THE MODEL

In order to investigate the realistic value of the health delivery model of the Department of Health, it is necessary to give a costing structure to its various component parts.

Facilities

Community "hospitals":

The hospitals in the medium communities of Fort Smith, Hay River, Fort Simpson, and Inuvik will be transformed into modern centres appropriate for their catchment populations and necessary to maintain cost efficiency and acceptable quality. In order to do this, the Department of Health has developed two options, as described above, and costed as follows:

Option A (moderate version)

Fort Smith	$2,051,967
Fort Simpson	$ 411,524
Hay River	$ 613,965
Inuvik	$1,427,077
TOTAL	$4,504,533

Option B (expansive version)

	Fort Smith	$2,967,167
*	Fort Simpson	$ 411,524
	Hay River	$1,283,665
*	Inuvik	$1,427,077
	TOTAL	$6,089,433

(Note: * same as moderate version)

The full details of these options are set out in the Department of Health's document entitled "Support for Program Review" dated May 22, 1991.

Included in these costing options are the costs of renovations, but not the costs of increased employment of locally hired health para-professionals such as Community Health Representatives, Medical Interpreters, Community Health Aids and the cadre of other para-professionals who would assist the primary health care nurses at the health centres. The precise task of assessing the integration and costing of these local hires has not been done by the Department of Health. It is beyond the scope of this paper to do the assessment.

Stanton Yellowknife Hospital:

The establishment of Stanton Yellowknife Hospital (SYH) as a regional hospital will affect the cost of delivery of health services in the Northwest Territories. More patients will be routed to SYH from the communities in the Western Arctic, because the community health centres and hospitals will be unable to provide the same level of services in certain cases. More patients will also be routed to SYH because it will become the hub of referrals from all Western Arctic communities, changing referral patterns from some communities which automatically direct patients to Edmonton rather than Yellowknife (for example, Fort Smith, Hay River, sometimes Inuvik). Patients will lastly be retained more often in SYH because increased services will be available in SYH, eliminating the necessity of travel to Edmonton.

The costs of higher occupancy of SYH because of decreased "hospital" capabilities in the communities will be a marginal cost to the Department of Health. SYH receives block funding from the Department of Health. Given the present under-utilization of the acute beds at SYH (42% of acute inpatient beds are occupied), it is unlikely that increased utilization of the beds for this reason will cause any significant change in the block funding levels.

Savings will result from changed referral patterns within the Northwest Territories, so that those patients who would normally bear expenses related to a per diem charge in an Edmonton hospital would cost the Department of Health much less by occupying a bed in SYH. There will be incremental costs to increased occupancy of SYH due to changed referral patterns. However, they will be small in relation to the savings to the Department of up to $1,100 per day (the per diem stay in an Edmonton hospital).

Adding services in Yellowknife will also result in savings by reducing the number of referrals to Edmonton. For each bed/day in hospital in SHY rather than in Edmonton, the savings are estimated to be $1,100 ($600 for Charles Camsell Hospital).

Recently the Department of Health, in justifying to the FMB the added expenses of hiring an orthopaedic surgeon in SYH, estimated that if half the orthopaedic cases (200) were referred to SYH rather than University Hospital in Edmonton, given the average stay (six days) and the daily cost ($1100), the savings would be $1,320,000. Given the correctness of the assumptions of case load and average stay, this is the type of analysis which ought to be done in the event that any additional services are going to be brought to SYH. In fact, the Department of Health is considering the addition to the SYH staff of an anaesthetist, a second internist, and an Eye, Ear, Nose and Throat specialist. In each case, a similar analysis ought to be undertaken.

In sum, and in the short run, there are minor increased hospital costs to the Department of Health for increased referrals from communities and for increased hospital utilization as a result of changed referral patterns. Next, the changed referral patterns will result in a large cost saving to the government. Lastly, the addition of services may significantly decrease the number of hospital days of Northwest Territories residents in Edmonton, with the consequent decrease in costs.

Baffin Regional Hospital:

The Baffin Regional Hospital is presently undergoing a "redevelopment exercise" to assess whether a new hospital should be built and what its component parts should be. Stress on the present facility in some areas and under-utilization in others, and the exploding birth rate in the Baffin are all matters to be considered. This exercise is beyond the scope of this review to consider presently. However, it is the expressed intention of the Department of Health that any changes which occur at the Baffin Regional Hospital will be consistent with the proposed health care delivery model.

The Keewatin:

SYH must also become the regional referral centre for selected services from the Keewatin. If this referral pattern is implemented, there will be significant hospital savings, because the costs of hospitalizing these people will generally be borne within the present funding levels of SYH rather than directly by the Department of Health to hospitals in Churchill and Winnipeg.

In sum, there are significant savings to be captured in hospital billings if the "Northwest Territories Way" is implemented. These include up to $6 million in decreased community hospital costs and several million dollars more in decreased payments of per diems to southern hospitals.

Cost of Medicare

In considering the effect of the model on the cost of medicare, consideration must be given to costing the differential in having nurses rather than doctors deliver primary care, a lower threshold for medical travel to Yellowknife from the communities, changed referral patterns away from Edmonton to Yellowknife, and increased services at SYH.

It is generally assumed that fee-for-service physicians are more expensive than salaried nurses. These assumptions have been tested in several studies conducted from time to time, both in the United States and in southern Canada. They are best summarized by the following statement from a study conducted at McMaster University, referring to an American study:

> "Savings attainable from the substitution of new health practitioners for physicians in the delivery of routine primary care are so substantial that it does not warrant additional costs to conduct better controlled cost studies."

Although no similar studies exist in the Northwest Territories, and no data is available for quantitative analysis, the cost saving is substantial and it can be safely stated that primary health care by nurses is more cost effective than primary health care by doctors.

A few persons will have to be transported from the community health clinics and hospitals to Yellowknife in order to receive health care beyond the ability of the centre to provide. The patients are placed under the care of a physician, or a specialist, and the medicare costs will reflect "fee for service" care. However, the costs of the physician-tended patient in Yellowknife are not more costly than the cost of the physician-tended patient in the community, assuming that they are paid in the same manner (salary, contract, or fee for service), as fees are the same throughout the Northwest Territories The only exception to this is in the high Arctic, where "fee for service" physicians receive a 15% premium for community visits.

Changed referral patterns will mean that patients now referred directly to Edmonton will be referred to Yellowknife. On the assumption that the physician at SYH is on contract or salary, although the "medicare" cost component will rise, the net effect to the Department of Health will be a savings equal to the costs of medicare if the patients had gone to Alberta.

The identical situation occurs when a service is "augmented" with local salaried specialists - there is a net savings in costs.

Costs to the Department of Health will be saved through implementing this model. Although they are accrued through savings to medicare, the present accounting structure has them appear as savings to hospital funding. The key to savings, however, is to have physicians and specialists on contract in Yellowknife, with sufficient volume so that the salary and supporting costs are less in total than the equivalent "fee for service".

Medical Travel

Three factors are at play in assessing the cost changes in medical travel as a result of implementing this model. First, there must be an assessment made of the increased costs as a result of medical travel from a community where, in the present model, there would be no need. The medical travel budget will be increased by the value of airfares for those persons who, but for downsizing of "hospitals" or converting hospitals or private clinics to "health centres" would be able to be treated in that community.

Second, the change in referral patterns will result in increased travel to Yellowknife, rather than Edmonton. However, given that it is cheaper to travel to Yellowknife than to Edmonton, there will be a medical travel cost savings equivalent to this incremental savings multiplied by the number of such trips.

Finally, increased services available in Yellowknife will result in reduced travel from Yellowknife to Edmonton. This amount will be the cost of travel times the number of cases which fit into this category. The orthopaedic analysis established this savings, for the hiring of orthopaedic staff, as $141,200, based upon the assumption of 200 patients per year (half the total number of orthopaedic patients) and $706 per round trip.

The net costs of medical travel ought to be less under the "Northwest Territories Way" model than they are now, although data is not now available to support this tentative conclusion.

Conclusion

It is crucial that all elements of the design and implementation of the Northwest Territories Way work together in order to maximize savings. If compliance is not respected in any of the areas of facilities, medicare, or medical travel, then that lack of compliance will be the leaking valve to cost containment.

For example, if the salaried orthopaedic surgeon in Yellowknife reverts to fee-for-service, then many of the advantages of Yellowknife as a regional hospital, and restriction on medical travel, are lost. Similarly, if the orthopaedic surgeon remains on salary, but medical travel is permitted upon request, the salary advantages are lost.

The cost-benefit analysis has not been sufficiently developed by the Department of Health to provide anything close to an accurate estimate of savings from the "Northwest Territories Way" model. Nor have we, in this review, been able to advance that analysis very far. We have indicated some of the elements to be pursued in that regard. The Department of Health does have some admittedly tenuous estimates that range over a period of years to a point in the future when the savings might be as much as $1,500 per person in the Northwest Territories. Even if it is only half that, the strategy is worth pursuing. Jurisdictions everywhere in Canada generally accept the basic tenet that lower cost care givers can provide more health services and maintain excellent standards. Getting there will not be without some political challenges and a willingness to stand firm against some vested interests.

EXPLAINING AND "SELLING" THE MODEL

Once the model has been costed, then it is necessary to thoroughly explain it to the public. It must be marketed to the public and to the medical profession. Each constituency will have a different set of sensibilities and each will require a different approach. However, it is worthwhile to outline a few of the concerns which must be addressed.

The naming of the model: The Department of Health has taken to naming its model "the Northwest Territories Way". This name has certain attractions, giving emphasis to the northern flavour of the model. However, critics of the model will see it differently. Firstly, it gives the impression that this model of health care is only available in the Northwest Territories. This is not true. Although it exists in many parts of the Northwest Territories, it also exists in many northern and rural parts of the provinces. To give it a geographic specific title is to claim ownership (for sceptics as well and proponents). There are too many people who support and rely upon this health care model elsewhere for ownership to be claimed by the Northwest Territories. Secondly, this model is an increasingly attractive one to southern provincial governments. It is an approach which is being actively developed as a cost containment measure.

As recently as June 13, 1991, the Globe and Mail reported that Quebec doctors were set to strike in protest of a bill before the Quebec National Assembly which has many similar features to the Northwest Territories Way. The Northwest Territories probably has the best chance of implementing the model and this envy might be curried if concentrated in a different name. Thirdly, the name is not a positive one, but one which is unnecessarily neutral. The model should have a "positive" title - patterned after its positive features - those of access, better health, and community involvement.

The strategic vision is a good one. It provides an excellent health opportunity - as good or better health care at a lower cost. It does not deny access to modern medicine. It brings health care into the community at a level where it can be understood and probably do some real good. There should be nothing apologetic about the way it is introduced to the public.

The present health model is not too far away from what is proposed. Part of the problem in developing it further will be the anomalous situations which exist and which must be dealt with at a political level - hospitals in communities where they are of marginal use, doctors in communities where their value is negative, referrals to hospitals where people should not be going. It may be a challenge for politicians and officials to make it understood in communities that changing does not always mean "taking away" and in any case, "taking away" is not a bad thing in these circumstances.

Residents of the communities have a unique opportunity with this model. The positive aspect of community hospital restructuring must be the increased numbers of local people trained and hired to provide para-professional support. This model guarantees certain numbers of jobs to local people with specific health skills, and allows them to continue to upgrade these skills and increase their involvement accordingly. Although education levels of local populations will delay the immediate benefits to them, the jobs will provide tangible evidence of viable employment after appropriate education. This must be thoroughly explained to the population.

Doctors have a unique opportunity in this model. They will be paid handsomely for being consultants and teachers. They can allow lesser trained care-givers to provide those services which ought to be provided by lesser trained care-givers. They can focus their practise on the level of health care for which their professional training cannot be transferred to other care givers in the system. They also have the opportunity to learn and provide some specialty services.

Nurses have a unique opportunity in this model. They become principal care givers in many situations, acting under the tutelage but not the control of a physician. They have the opportunity to use special qualifications and develop the cutting edge skills of nurse practitioners. In a market where nurses are increasingly difficult to recruit, they should be told about this.

Recommendations:

- The Department of Health must be given every possible encouragement to continue with implementation of its "Northwest Territories Way" model for health delivery. Priority should be given to further benefit/cost analysis before any public dialogue is considered. That analysis should include the following recommendations:
    - A model of implementation and costing of community hiring must be developed and integrated into the model in general and in the communities of Fort Smith, Hay River, Fort Simpson, and Inuvik in specific.
    - The Keewatin District must be required to conform with the model - by sending selected patients, in the first instance, to Yellowknife rather than to Churchill as its regional centre.
    - A system must be devised to capture information on the increased levels of travel, changes in referral patterns, and the addition of hospital services in Yellowknife, and their effect on facilities, medicare, and medical travel. This system will be used for the costing analyses necessary to make further decisions relating to cost containment.
    - Prior to any decision made to add services to SYH, a financial analysis must be done, and a conclusion reached that money will be saved. If money will not be saved, the services should not be added.
    - Periodically, newly added services, as well as older services previously added at SYH should be analyzed to ensure that the original assumptions still hold and that money is still being saved. If it is not, the service should be eliminated.
    - Compliance with all aspects of the general model for medical care delivery in the Northwest Territories must be firmly required, monitored, and strictly enforced. This is particularly critical with respect to the hiring of physicians by salary or contract, and with respect to the maintenance of recommended travel referral patterns.

APPENDIX 12:
SOCIAL ASSISTANCE AND SOCIAL HOUSING

The Department of Social Services has a budget in the 1990-91 Main Estimates of $87,446,000. The breakdown of the Department's budget into its component parts is as follows:

Administration	10,304,000
Child and Family Services	13,456,000
Community/Family Support	34,355,000
Alcohol/Mental Health	11,238,000
Corrections	8,093,000

Rent is one of the expenses normally associated with and funded as social assistance in provincial budgets, usually as a component of Community/Family Support. In the case of the GNWT, it is not included in the budget of the Department of Social Services, but is part of the budget of the Northwest Territories Housing Corporation represented as the cost of social housing.

The projected rental costs of social housing in the Northwest Territories for the year 1990-91 are $61,861,500. This amount was derived from subtracting the costs of Administration (11,030,400), Maintenance (20,056,300), Utilities (38,639,600) and Taxes (1,414,100) from the Revenue (9,278,900). It does not include the costs of either capital construction, depreciation, or the cost of money.

If these operational costs of social housing were included in the budget of Social Services, the cost of social assistance to the GNWT would be about triple what it is presently.

Further, the costs of social housing have increased at about 6.5% yearly since 1988. The magnitude of this increase in actual dollars since 1988 has been about $12,000,000, or about $4,000,000 per year.

The Project Group recommends:

Social housing is not in the terms of reference of this project. However, when an attempt is made to perform an accurate and useful program review of social assistance, social housing must be included as a part of the review.

APPENDIX 13: THE OMNIBUS APPROACH

All of the program review and analysis done in the foregoing appendices is based on a "rational" approach to cost containment. In other words, programs are integrated, modified and reduced on the assumption of a rational investigation of the programs themselves. However, the resulting priorization is almost always considered to be, in part at least, judgemental.

There are some schools of thought which advocate an "omnibus approach" to cost containment as the "fairest" approach. Government is not seen to be priorizing programs based on value judgments. This is an approach whereby governments direct that growth be frozen, or limited, regardless of how well resources are being deployed and regardless of external factors.

We are aware that this approach is one which the GNWT has taken with many departments with some success over the past several years. To complete our review, we have used this omnibus approach to the containment of costs in certain program areas of the Departments of Social Services and Health as an illustration of its effect on future year expenditure forecasts.

The tables are also somewhat sobering in that they illustrate what may happen to expenditures in many of these programs if no reduction of expenditures is applied.

We asked the Departments of Social Services and Health to provide us with the following information by program area:

- Actual expenditures for the fiscal years 1986-87 through 1989-90 (and 1990-91 where available).
- The Department's estimate of future volume and cost increases over the fiscal years 1991-92 through 1994-95.

We received both sets of information from the Department of Health. The Department of Social Services was only able to provide us with their actual expenditures.

We also consulted with the Bureau of Statistics in order to determine the calculation of inflation adjusted trend lines and future trend lines based on past years' expenditures.

Compiling this information, we were able to produce the following trend lines:

- **Fixed trend line:** This projection kept the cost of program areas at the 1990-91 levels, with no allowances for any increases.
- Inflation-adjusted trend line: This trend line is based upon the cost of the program in 1990-91 dollars, adjusted for inflation over the next four fiscal years, using the Conference Board of Canada's Consumer Price Index forecast. Inflation was calculated for the four fiscal years from 1990-91 to 1994-95 at 4.99%, 3.79%, 3.79%, and 3.66%.
- Previous year trend line: This trend line is based upon the average compound growth rate per annum between 1986-87 and 1990-91. The average is found by dividing the actual expenditure amount for the last year available (fiscal 1990-91), by the amount for the beginning year of data (fiscal 1986-87). The number of period's root between the last year and beginning year, or the fourth root in this case, of the result is then calculated to determine the average compound growth rate per annum. This average varies from program to program.

- Departmental projection trend line: The Department of Health used its experience and familiarity with its programs to make projections of both unit cost increases and volume increases. Both varied from program to program.

In the case of the Department of Health, all four trend lines were developed for each of three program areas: Doctors Billings, Hospital Billings, and Medical Travel. Because of the lack of historical data in the area of Extended Health Benefits, no previous year trend line was drawn.

In the case of the Department of Social Services, no departmental projection trend lines were drawn as a result of the unavailability of the information. The other three trend lines were developed in the areas of Community and Family Support, Alcohol Drugs and Community Mental Health, Family and Childrens Services, and the Directorate.

Separate graphs for each program area are attached. As expected, significant features of these graphs are the following:

- The pattern is similar in each case: The greatest costs will be incurred if the departmental projections are accurate, the least costs will be incurred if the budget is fixed. Inflation-adjusted increases are the next smallest; previous year trends are the next most costly.
- Regardless of which trend line is observed, when it is compared against any less costly alternative, although a one or two year difference is not great, because of the compounding nature of the increases, the trend lines diverge and cost differentials accelerate as the years proceed.

- The differences are very large between fixing the program budget, and letting it develop as the Department of Health forecasts. In the case of the Department of Social Services, where instinct and demographics indicate that the volume increases ought to be significant over the next few years, no trend line has been developed. If projections could have been obtained, the differential between fixing program budget and the projection would be even more dramatic than those in the Department of Health.

An Omnibus approach to the savings of money would pick an arbitrary limit - commonly fixed, inflation adjusted, or some other percentage increase, and hold the programs to that level. It is easy to see what the cumulative effect of such a decision would have on the budget - significant compounded savings.

Some examples of the savings involved are the following:

- In the area of Alcohol, Drugs and Community Mental Health, the Previous Years Trend Line indicated a compound annual growth rate of 39.9%. Were this program to continue to increase at the same rate, the budget of $9.3 million in 1990-91 would be $35.9 million by 1994-95. Should the expenditures be restricted to the Inflation Adjusted Trend Line of approximately 4% per annum, the 1994-95 budget would be around $11 million.
- In the area of Medical Travel, the Departmental Projection Trend Line shows a compound growth rate of 16%; the Previous Year Trend Line shows an annual growth rate of 11.6%. Given the 1990-91 expenditures of $17.4 million, the budget in 1994-95 will be $32 million if the Departmental Projections are correct, $27 million if the Previous Year Trends are accurate, and $20.5 million if adjusted for inflation only.

Some of the program areas which have been examined have been the subjects of specific recommendations relating to cost containment in other parts of this report. In these cases, if these recommendations were implemented, in conjunction with the Omnibus approach to cost containment, there would be even more significant effects.

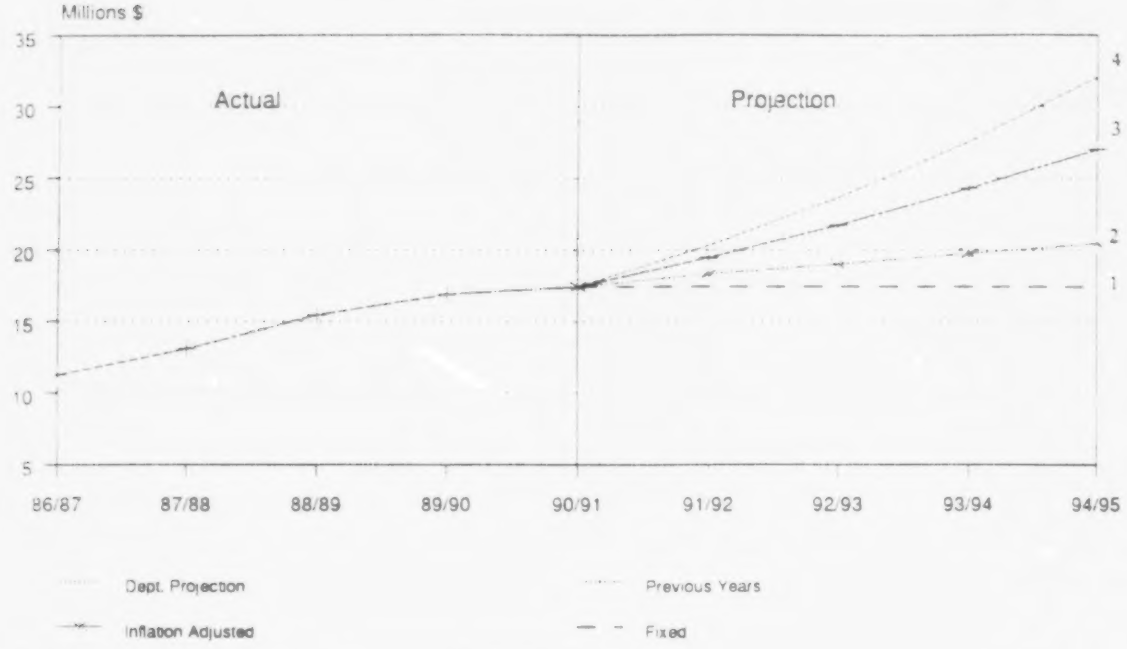
The Project Group recommends:

The GNWT should continue to include the Omnibus method in its approaches to cost containment.

ATTACHMENT 1

Medical Travel Expenditures

1990-91 Dollar Projection



Source: Department of Health, GNWT; Conference Board of Canada.

Notes:

1. **Fixed Trend Line** - Costs and Volumes do not increase from their 1990-91 levels.

2. **Inflation Adjusted Trend Line** - This line is based on current 1990/91 dollars adjusted for inflation using the Conference Board of Canada's Consumer Price Index forecast. 1990/91 volume is held constant.

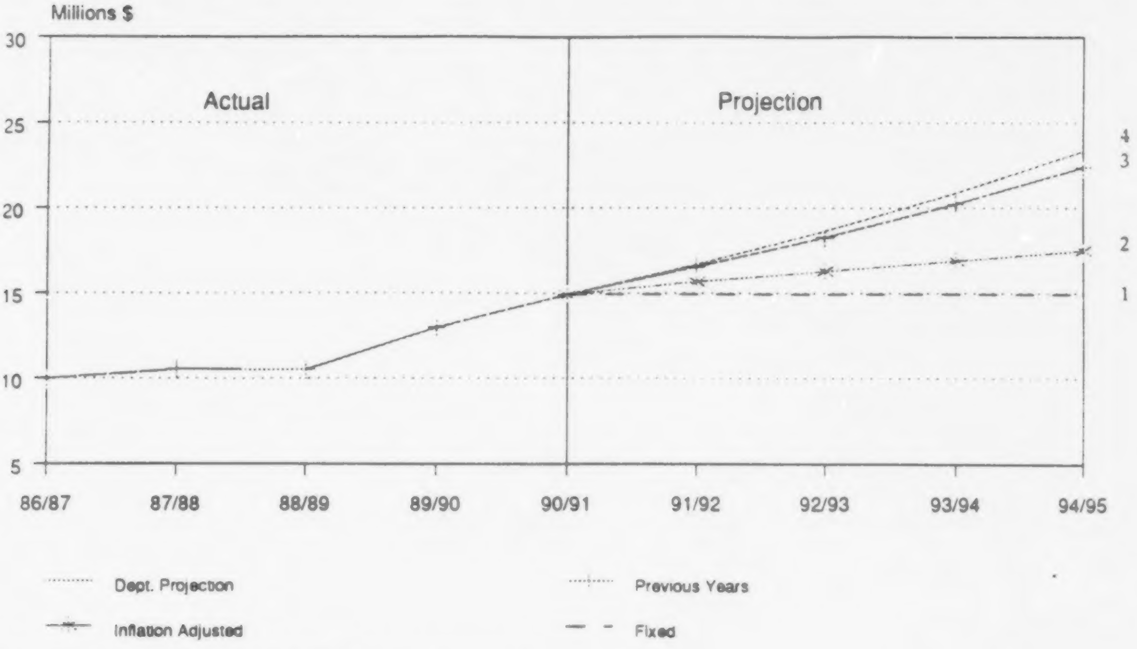
3. **Previous Years Trend Line** - This line is based on the average compound growth rate per annum between 1986/87 to 1990/91. (i.e. $\sqrt[4]{\frac{Value_{90-91}}{Value_{86-87}}}$ where 4 = the number of periods; Value$_{86\text{-}87}$ = the amount in fiscal 86-87; Value$_{90\text{-}91}$ = the amount in fiscal 90-91). The average annual growth rate for medical travel is 11.6%.

   Data is based on airfare only (by date of travel) and is not adjusted for revenue offsets which total approximately 11.3%.

4. **Departmental Projection Trend Line** - This line is based on the volume increase of 12% per annum and price increase of 4% per annum. The projection is based on perception of expected population increases and a demand for more services from the client base as well as economic stability and competion in the airline market.

Doctors Billings

1990-91 Dollar Projection



Source: Department of Health, GNWT; Conference Board of Canada.

Notes:

1. **Fixed Trend Line** - Costs and Volumes do not increase from their 1990-91 levels.

2. **Inflation Adjusted Trend Line** - This line is based on current 1990/91 dollars adjusted for inflation using the Conference Board of Canada's Consumer Price Index forecast. 1990/91 volume is held constant.

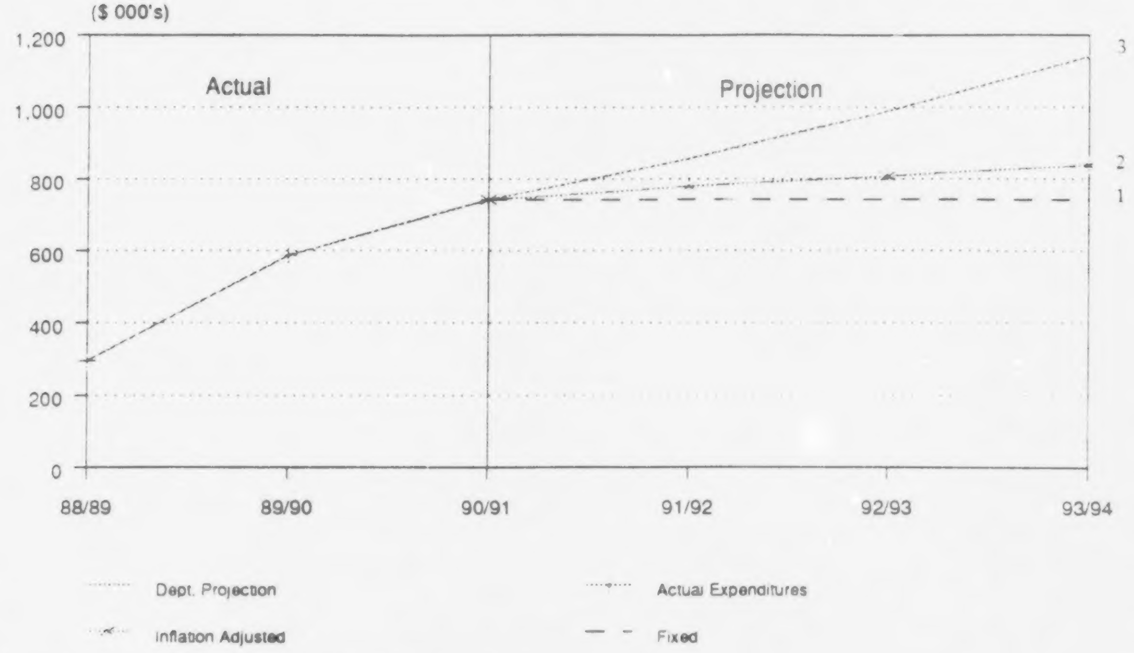
3. **Previous Years Trend Line** - This line is based on the average compound growth rate per annum between 1986/87 and 1990/91. (i.e. $\sqrt[4]{\frac{Value_{90-91}}{Value_{86-87}}}$ where 4 = the number of periods; $Value_{86-87}$ = the amount in fiscal 86-87; $Value_{90-91}$ = the amount in fiscal 90-91). The average annual growth rate for doctors' billings is 10.7%.

   Data is based on Doctors' Billings only (inside and outside the NWT billings combined, by date of service) and is not adjusted for revenue offsets which is based on a projected DIAND recovery of 21.3%.

4. **Departmental Projection Trend Line** - This line is based on the volume increase of 7% per annum and price increase of 4.5% per annum. The projection is based on perception of expected population increases and a demand for more services from the client base as well as on expected fee increases.

Extended Health Benefits

1990-91 Dollar Projection



Source: Department of Health, GNWT; Conference Board of Canada.

Notes:

1. **Fixed Trend Line** - Costs and Volumes do not increase from their 1990-91 levels.

2. **Inflation Adjusted** - This line is based on current 1990/91 dollars adjusted for inflation using the Conference Board of Canada's Consumer Price Index forecast. 1990/91 volume is held constant.

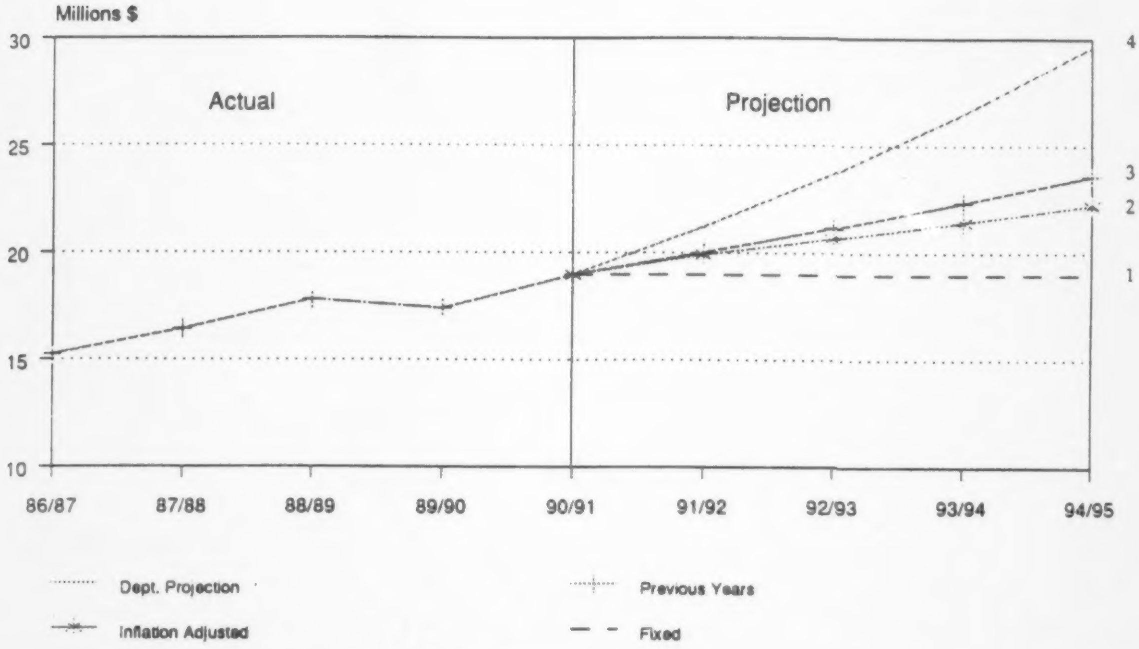
3. **Departmental Projection Trend Line** - This line is based on the volume increase of 10% per annum and price increase of 5% per annum. Economic conditions and health referral patterns are assumed to remain constant.

4. **Previous Years Trend Line** - Because records relating to extended health benefits are only available for two previous years and this information is too restricted to accurately project, no previous year trend line was drawn.

The data excludes status Indian and Inuit benefits, payments for indigents and payments for chronic psychosis.

Hospital Billings

1990-91 Dollar Projection



Source: Department of Health, GNWT; Conference Board of Canada.

Notes:

1. **Fixed Trend Line** - Costs and Volumes do not increase from their 1990-91 levels.

2. **Inflation Adjusted Trend Line** - This line is based on current 1990/91 dollars adjusted for inflation using the Conference Board of Canada's Consumer Price Index forecast. 1990/91 volume is held constant.

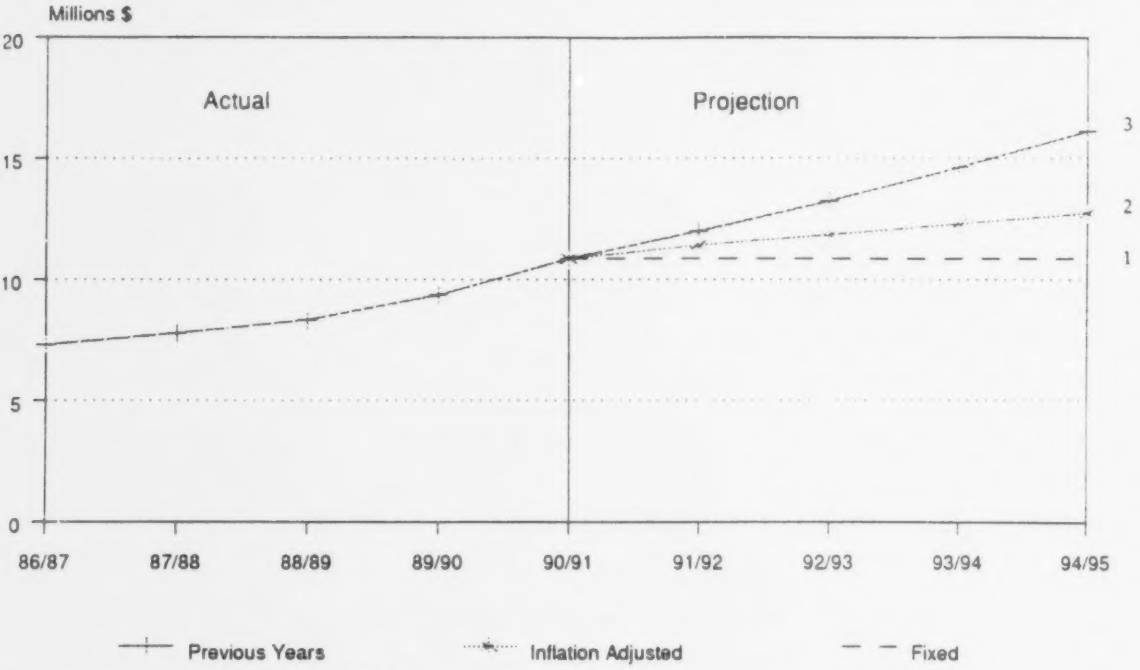
3. **Previous Years Trend Line** - This line is based on the average compound growth rate per annum between 1986/87 and 1990/91. (i.e. $\sqrt[4]{\frac{Value_{90-91}}{Value_{86-87}}}$ where 4 = the number of periods; $Value_{86-87}$ = the amount in fiscal 86-87; $Value_{90-91}$ = the amount in fiscal 90-91). The average annual growth rate for hospital billings is 5.6%.

   Data is based on Hospital Billings only (inside and outside the NWT billings combined, by date of service) and is not adjusted for revenue offsets which is based on a projected DIAND recovery of 45.1%.

4. **Departmental Projection Trend Line** - This line is based on the volume increase of 2.6% per annum and price increase of 9% per annum. Economic conditions and health referral patterns are assumed to remain unchanged.

Social Services - Directorate

1990-91 Dollar Projection



Source: Department of Social Services, GNWT; Conference Board of Canada.

Notes:

1. **Fixed Trend Line** - Costs and Volumes do not increase from their 1990-91 levels.

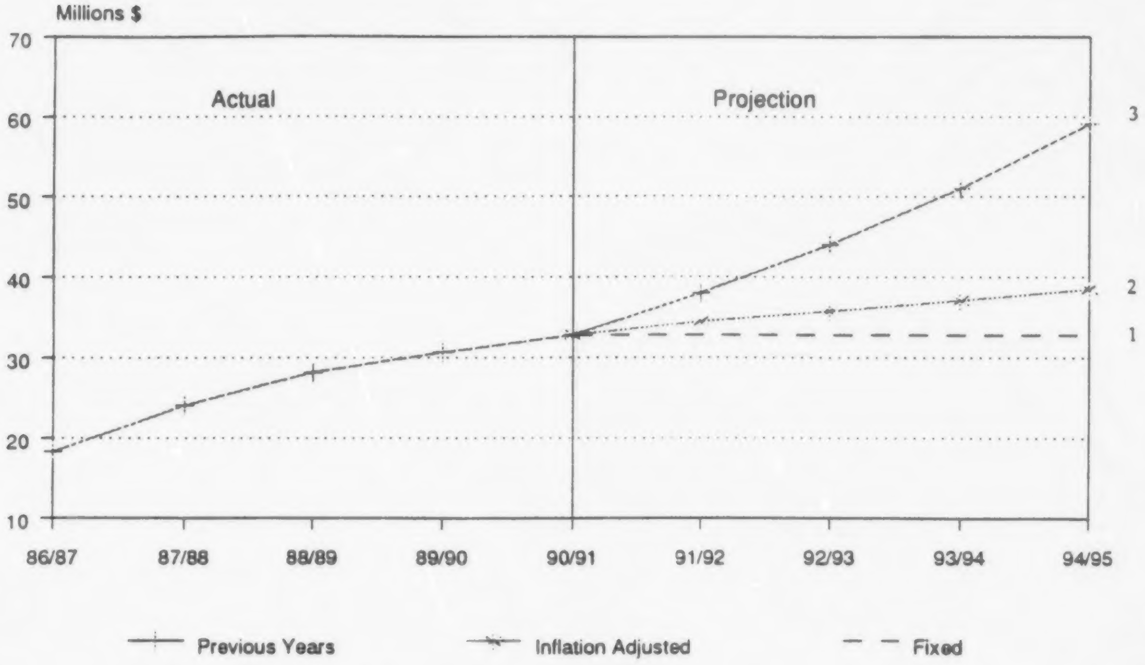
2. **Inflation Adjusted Trend Line** - This line is based on current 1990/91 dollars adjusted for inflation using the Conference Board of Canada's Consumer Price Index forecast. 1990/91 volume is held constant.

3. **Previous Years Trend Line** - This line is based on the average compound growth rate per annum between 1986/87 and 1990/91. (i.e. $\sqrt[4]{\frac{Value_{90-91}}{Value_{86-87}}}$ where 4 = the number of periods; Value$_{86-87}$ = the amount in fiscal 86-87; Value$_{90-91}$ = the amount in fiscal 90-91). The average annual growth rate is 10.4%.

4. **Departmental Projection Trend Line** - No information was available to produce this line.

Community and Family Support

1990-91 Dollar Projection



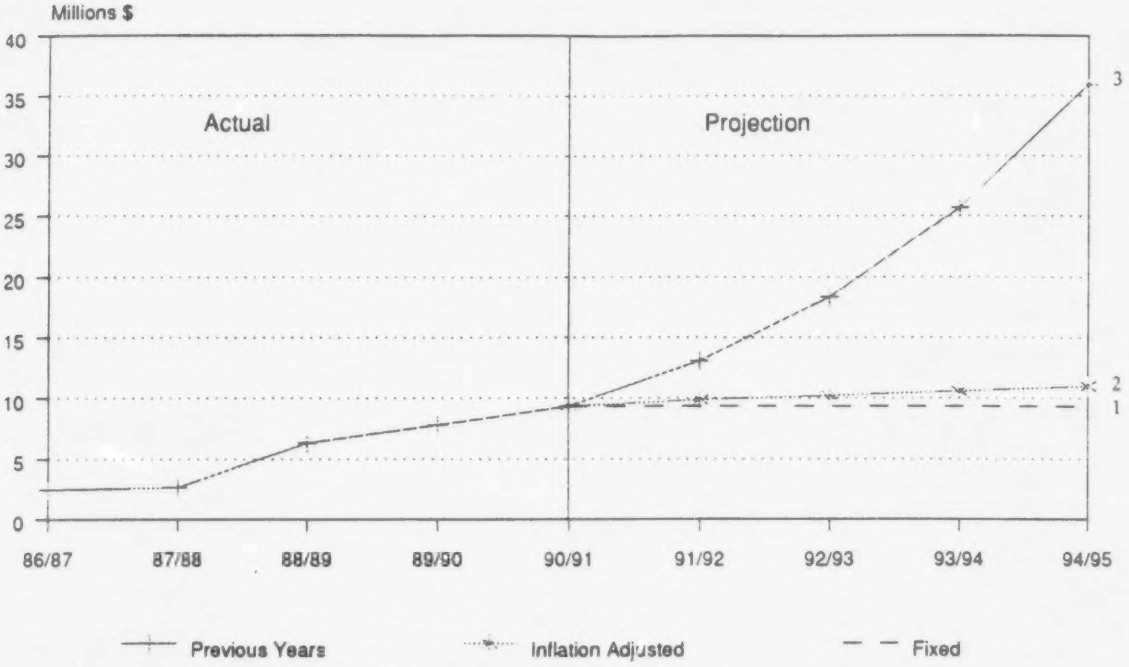
Source: Department of Social Services, GNWT; Conference Board of Canada.

Notes:

1. **Fixed Trend Line** - Costs and Volumes do not increase from their 1990-91 levels.
2. **Inflation Adjusted Trend Line** - This line is based on current 1990/91 dollars adjusted for inflation using the Conference Board of Canada's Consumer Price Index forecast. 1990/91 volume is held constant.
3. **Previous Years Trend Line** - This line is based on the average compound growth rate per annum between 1986/87 and 1990/91. (i.e. $\sqrt[4]{\frac{Value_{90-91}}{Value_{86-87}}}$ where 4 = the number of periods; $Value_{86-87}$ = the amount in fiscal 86-87; $Value_{90-91}$ = the amount in fiscal 90-91). The average annual growth rate is 15.8%.
4. **Departmental Projection Trend Line** - No information was available to produce this line.

Alcohol, Drugs & Community Mental Health

1990-91 Dollar Projection



Source: Department of Social Services, GNWT; Conference Board of Canada.

Notes:

1. **Fixed Trend Line** - Costs and Volumes do not increase from their 1990-91 levels.

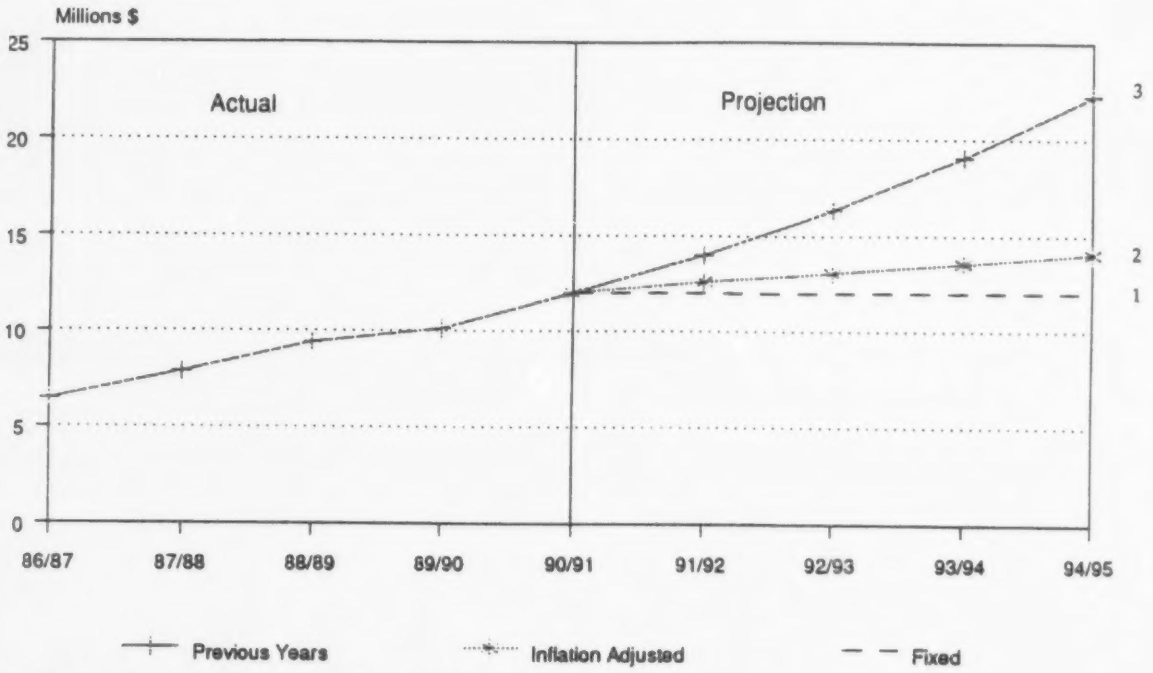
2. **Inflation Adjusted Trend Line** - This line is based on current 1990/91 dollars adjusted for inflation using the Conference Board of Canada's Consumer Price Index forecast. 1990/91 volume is held constant.

3. **Previous Years Trend Line** - This line is based on the average compound growth rate per annum between 1986/87 and 1990/91. (i.e. $\sqrt[4]{\frac{Value_{90-91}}{Value_{86-87}}}$ where 4 = the number of periods; $Value_{86-87}$ = the amount in fiscal 86-87; $Value_{90-91}$ = the amount in fiscal 90-91). The average annual growth rate is 39.9%.

4. **Departmental Projection Trend Line** - No information was available to produce this line.

Family and Childrens Services

1990-91 Dollar Projection



Source: Department of Social Services, GNWT; Conference Board of Canada.

Notes:

1. **Fixed Trend Line** - Costs and Volumes do not increase from their 1990-91 levels.

2. **Inflation Adjusted Trend Line** - This line is based on current 1990/91 dollars adjusted for inflation using the Conference Board of Canada's Consumer Price Index forecast. 1990/91 volume is held constant.

3. **Previous Years Trend Line** - This line is based on the average compound growth rate per annum between 1986/87 and 1990/91. (i.e. $\sqrt[4]{\frac{Value_{90-91}}{Value_{86-87}}}$ where 4 = the number of periods; $Value_{86-87}$ = the amount in fiscal 86-87; $Value_{90-91}$ = the amount in fiscal 90-91). The average annual growth rate is 16.7%.

4. **Departmental Projection Trend Line** - No information was available to produce this line.

DEPARTMENT OF HEALTH EXPENDITURE PROJECTIONS

PREVIOUS YEARS TREND LINE

	HOSPITAL	DOCTOR	MEDICAL TRAVEL	EXTENDED HEALTH
COMPOUND GROWTH RATE:	1.056196026	1.1066409	1.115826556	NA
YEAR				
1986/87	15,229,998	9,946,808	11,257,282	NA
1987/88	16,427,506	10,593,971	13,114,654	NA
1988/89	17,806,705	10,483,575	15,459,071	296,685
1989/90	17,408,165	12,972,762	16,922,412	586,554
1990/91	18,953,000	14,918,000	17,451,000	741,531
1991/92	20,018,083	16,508,869	19,472,289	NA
1992/93	21,143,020	18,269,390	21,727,697	NA
1993/94	22,331,174	20,217,654	24,244,342	NA
1994/95	23,586,097	22,373,683	27,052,480	NA

INFLATION ADJUSTED TREND LINE

YEAR	CPI	HOSPITAL	DOCTOR	MEDICAL TRAVEL	EXTENDED HEALTH
1986/87	0.833082	12,687,837	8,286,507	9,378,239	NA
1987/88	0.869569	14,284,850	9,212,189	11,404,097	NA
1988/89	0.905435	16,122,814	9,492,196	13,997,184	268,629
1989/90	0.952709	16,584,915	12,359,267	16,122,134	558,815
1990/91	1	18,953,000	14,918,000	17,451,000	741,531
1991/92	1.049919	19,899,115	15,662,692	18,322,136	778,547
1992/93	1.089677	20,652,648	16,255,801	19,015,953	808,029
1993/94	1.131006	21,435,957	16,872,348	19,737,186	838,676
1994/95	1.17237	22,219,929	17,489,416	20,459,029	869,349

DEPARTMENT PROJECTION TREND LINE

YEAR	HOSPITAL	DOCTOR	MEDICAL TRAVEL	EXTENDED HEALTH
1986/87	15,229,998	9,946,808	11,257,282	NA
1987/88	16,427,506	10,593,971	13,114,654	NA
1988/89	17,806,705	10,483,575	15,459,071	296,685
1989/90	17,408,165	12,972,762	16,922,412	586,554
1990/91	18,953,000	14,918,000	17,451,000	741,531
1991/92	21,195,898	16,680,562	20,326,925	856,468
1992/93	23,704,221	18,651,370	23,676,802	989,221
1993/94	26,509,378	20,855,029	27,578,739	1,142,550
1994/95	29,646,498	23,319,051	32,123,715	NA

Source: Dept. of Health; Conference Board of Canada.

DEPARTMENT OF SOCIAL SERVICES EXPENDITURE PROJECTIONS

PREVIOUS YEARS TREND LINE

	DIRECTORATE	FAMILY & CHILDREN	ALCOHOL & DRUGS	COMMUNITY
COMPOUND GROWTH RATE:	1.10397363	1.166784564	1.399538985	1.158417469
YEAR				
1986/87	7,314,000	6,479,000	2,441,000	18,231,000
1987/88	7,790,000	7,869,000	2,661,000	24,061,000
1988/89	8,346,000	9,395,000	6,309,000	28,208,000
1989/90	9,362,000	10,126,000	7,772,000	30,646,000
1990/91	10,864,000	12,008,000	9,365,000	32,830,000
1991/92	11,993,570	14,010,749	13,106,683	38,030,846
1992/93	13,240,584	16,347,526	18,343,313	44,055,596
1993/94	14,617,256	19,074,041	25,672,182	51,034,772
1994/95	16,137,065	22,255,296	35,929,220	59,119,571

INFLATION ADJUSTED TREND LINE

YEAR	CPI	DIRECTORATE	FAMILY & CHILDREN	ALCOHOL & DRUGS	COMMUNITY
1986/87	0.833082	6,093,162	5,397,538	2,033,553	15,187,918
1987/88	0.869569	6,773,943	6,842,638	2,313,923	20,922,700
1988/89	0.905435	7,556,761	8,506,562	5,712,389	25,540,510
1989/90	0.952709	8,919,262	9,647,131	7,404,454	29,196,720
1990/91	1	10,864,000	12,008,000	9,365,000	32,830,000
1991/92	1.049919	11,406,320	12,607,427	9,832,491	34,468,841
1992/93	1.089677	11,838,251	13,084,841	10,204,825	35,774,096
1993/94	1.131006	12,287,249	13,581,120	10,591,871	37,130,927
1994/95	1.17237	12,736,628	14,077,819	10,979,245	38,488,907

DEPARTMENT PROJECTION (NOT AVAILABLE)

Source: Dept. of Social Services; Conference Board of Canada.

APPENDIX 14:
YOUTH INITIATIVES PROGRAM

BACKGROUND/DISCUSSION

The program does not address any specific identified needs of the client group (Northwest Territories youth) that were not already being addressed through other programs within the Department of Social Services, or other departments (a list of some programs already providing these services is attached); except to provide funds for youth to hold meetings/conferences.

Existing initiatives subsumed under the Youth Initiatives Program included a contributions program for Alcohol and Drug Prevention for Youth (budget $400,000 in 1989-90); and responsibility for annual grants to the Boy Scouts, Girl Guides, Army Cadets and Air Cadets which had previously been handled through the Department of the Executive (approximately $60,000 in 1990-91).

The Youth Initiatives Program is not a social services program; it was housed in that Department because the Minister Responsible for Youth was also the Minister of Social Services.

The program objectives are not specific enough to provide clear eligibility criteria (e.g. "promote healthy lifestyles", "promote community development"). Furthermore, the vague objectives do not permit the identification of measurable performance indicators, making it virtually impossible to evaluate the program.

Although funding priorities were identified and approved by Cabinet for 1990-91, no such priorities have been identified for 1991-92.

The strategy does not address the issue of equitable distribution of financial resources across the Northwest Territories. Applications are considered on a "first-come, first-serve" basis, thus leaving the door open for a situation where a worthwhile project may be received after the budget has been allocated. This could lead to the Minister seeking additional funding rather than reject a good project.

CONCLUSIONS/OBSERVATIONS

The duplication of program initiatives implicit in this program increases government's costs by duplicating administrative mechanisms, primarily for funnelling contribution monies.

The clientele specifically served by the Youth Initiatives Program is small, as only those youths who are active participants in conferences/projects sponsored by the program can be considered to be directly benefiting.

There may be a risk of double-funding groups through contributions from the YIP and other programs.

RECOMMENDATIONS/OPTIONS

Option 1: Excise the program, resulting in a savings to government of $940,000, and no significant reduction in services available to Northwest Territories residents.

Option 2: Excise the program, but should the government wish to maintain a high profile program targeted to youth, consider the establishment of a Youth Directorate within the GNWT. This unit could be funded through reallocations from existing program budgets, and ensure that the portion of those budgets targeted towards youth is spent in a focused and effective manner.

Existing GNWT Programs Addressing Issues Identified as Youth Issues

Department of Social Services:

- Suicide Prevention ($500,000)
- Alcohol and Drug Prevention Programs ($4.6 million)
- Alternative Measures Programs (Corrections) ($296,000)

Department of Education:

- Literacy Program
- School Community Counsellor Program
- Parent Support Programs
- Employment Programs ($3.5 million)

Department of Municipal and Community Affairs:

- all Sport and Recreation Programs ($7.4 million)

Department of Culture and Communications:

- Cultural Enhancement Grants ($118,000)

APPENDIX 15:
A MODEL FOR COMMUNITY SOCIAL, HEALTH, AND EDUCATION SERVICES IN THE NORTHWEST TERRITORIES

FOREWORD

In addition to the essential conditions which must be identified by the GNWT for delegation generally (see Part II of the Report), the government must "tailor" these for specific program elements.

Therefore, before Government can proceed to the negotiation of transfer agreements with communities, a considerable amount of analytical groundwork is required.

This Working Paper entitled "A Model for Community Social, Health, and Education Services in the Northwest Territories", illustrates the nature of that work to determine conditions for transfer/delegation, of certain key programs in the "Social Envelope".

In particular, Attachment 3 of this Working Paper initiates the analytical work required to determine:

- What the components of existing programs are and how they might be changed by communities empowered to deliver them.
- What components of existing programs are mandatory, i.e. statutorily driven and what, if any, flexibility might be delegated to local communities.
- Evaluation factors, by program, to be reflected in the transfer agreements.
- Accountability factors by program to be reflected in the transfer agreements.
- Cost/implications by program component.

This work is time consuming, detailed, and requires the expertise of an experienced program "technician" and legal council to complete. This Working Paper, and its Attachments illustrate in some detail the work required. The delay involved in preparing the GNWT for delegation of some programs to community governments may put off some departments eager to proceed. However, to proceed without this analysis (and the resulting "clauses for a model Transfer Agreement" selectively and tentatively developed in Attachment 2) is to invite chaos down-the-line... Indian Affairs and Northern Development Canada is struggling retro-actively to develop standard funding arrangements, accountability clauses, etc. out of a plethora of different and differing bilateral arrangements with bands and band councils in Southern Canada. The time and expense devoted to this exercise is far greater than that required to develop standard clauses for program transfer agreements before negotiating actual agreements.

THE COMMUNITY SERVICE MODEL

Summary

This paper discusses the transfer of a wide range of social services, along with certain health and education services, to local governments in the Northwest Territories. This process is referred to as the establishment of a community service model. The approaches set out in the paper pertain to Phase 2 of community transfers whereby multi-year agreements would be negotiated for transfer of resources ($, people and assets) to interested communities who would take on defined program delivery responsibilities.

The model discussed in the paper is consistent with the objective of the GNWT to transfer greater responsibility for programs and services to community-based governments. The potential positive impacts include:

- improved service effectiveness - local "ownership"; service standards adapted to the unique conditions of each community; service administration by persons who "know" the community; movement of funds towards the highest priorities;
- enhanced accountability at community level - between service deliverers and clients, their families and other persons within the community;
- greater predictability and clarity in resource requirements - through block funding arrangements.

The challenges to be faced in developing and implementing a community service model include:

- complexity of social programs - some programs have mandatory requirements based on legislation of GNWT or the federal government; programs also require resolution of complex family situations, such as in child protection cases;
- front-end costs - communities will need to establish one or more social service delivery agencies; associated with this will be incremental planning, negotiation, administration and training costs; community workers will demand a benefit package equitable with that of comparable workers for these programs elsewhere in the GNWT;
- necessity of further research and planning - further development of the preferred approach to a community service model; included in this work would be development of a model agreement, examination of financial implications and establishment of a method to adjust funding levels from year to year and to deal with emergency situations;
- scale of operations (small communities) - some consideration would need to be given to the use of regional resources (sharing) when communities are not of sufficient size to warrant the establishment of a full range of services to be delivered uniquely by the community;

- mandatory and other basic GNWT requirements - the GNWT will need to be assured that fundamental (including mandatory) service requirements are being met within the community and that the community will provide information to maintain the Minister's accountability.

Two transfer approaches are discussed in the paper, incremental and aggregate. The incremental approach involves a series of one-by-one service transfers to the community along with the financial and human resources involved. This approach does not differ greatly from the status quo method of delegating services and would lessen the risk of community mismanagement. The aggregate approach involves the planned transfer of an extensive basket of services and resources to interested and capable communities. The financial management features of the aggregate approach are somewhat similar to those of the Sechelt Band self-government arrangement (in British Columbia) and would likely receive the support of communities in the Northwest Territories such as the Inuvialuit Region. Also, in the early years of the aggregate approach, a community may wish to arrange the purchase of some of the services for which it has received block funding.

The other points discussed in the paper include:

- the model could be implemented with a high degree of uniformity with respect to the range of services to be transferred and the funding arrangements involved while, at the same time, communities would have a high degree of flexibility in service emphasis and design;
- criteria would have to be developed to determine community readiness to enter into agreements with the GNWT;
- the community service model should take into account the implications of cost-sharing rules and the efficiencies to be gained through use of the Canada Assistance Act and other forms of federal cost-sharing.

In order to illustrate the development and implementation of the aggregate approach towards a community service model, Attachment 1 invents a community and describes some possible milestones in the history of this fictional community as it proceeds with implementation of the model.

Attachment 2 suggests wording for a few key clauses that could form part of a model agreement between GNWT and communities.

Attachment 3 identifies a range of social, health and education services and looks in a summary way at what these services are now and what they could be under a community service model. It should be noted that data for financial impact assessment are not available. Financial analysis should be pursued in depth in the near future.

The Context

The model set out in this paper comprehends many of social, health and education services currently delivered by departments of the GNWT and is consistent with the broad objective of the GNWT to provide communities with the opportunity to increase their service delivery responsibilities. The main approach suggested in the paper, an aggregation of service delivery capacity in the form of a "community service model", represents both an expansion and an acceleration of the process of delegation and the development of community accountability.

The model suggested by this paper would be implemented at an early stage of Phase II of community development, following the infrastructure development of Phase I.

The Concept

This paper uses the following definition of "community service model":

> Community Service Model: A service delivery and block funding arrangement that is established through a formal agreement between the GNWT and a local community government. This agreement provides the local government with new responsibilities for managing a wide range of social, health, education and other services on the condition that a limited number of mandatory service criteria will be met, and that the GNWT will be assured of receiving basic accountability reporting.

COMMUNITY TRANSFER AGREEMENT:
A COMMUNITY SERVICE MODEL - FOR THE SOCIAL ENVELOPE

The following are some of the key decision criteria with respect to the implementation of such a model, either on a full scale or a pilot basis:

- community readiness
- appropriateness
- service effectiveness
- cost effectiveness
- accountability

The remainder of this report on a community service model will focus upon:

- a comparison of two approaches for implementating community service models ("Incremental Growth" and "Aggregate Growth")
- a discussion of the key decision criteria identified above
- an identification and analysis of many of the GNWT services that could be included in a community service model

Community Service Model: General (Phase II)

A general objective of the GNWT is to increase community involvement in, and responsibility for, services.

It is reasonable to think that such a policy leads over time to a broadening of responsibility (the community becomes increasingly involved in the delivery of most or all of the range of services) and involvement (the community receives increased authority for individual services and for making adjustments between services).

Maturity under the community service model will be reached when the community has sufficient program, financial and administrative flexibility in order to manage effectively and to reflect the unique priorities of the residents. Rather than GNWT setting funding levels for each specific service, funding levels would be determined for groups of services or for all services collectively.

For all options, it would be essential that GNWT departments continue to receive accountability reporting of adequate quality. Unless there were changes in legislation, some of the mandatory reporting requirements would not be altered. However, the bulk of the other reporting would change as the focus would now be upon the effectiveness and efficiency of a full range of community services rather than upon indicators and evaluations that focus directly upon each individual service.

Strategic Approaches

The GNWT can consider two strategic approaches towards achieving mature community service models. In this report these approaches are referred to as the "Incremental Growth" and "Aggregate Growth". The illustration on the following page summarizes the steps involved in both of these approaches.

TWO APPROACHES:

I) INCREMENTAL GROWTH

Community Interest in Service Delegation

Delegation of One or a Small Group of Services

Gradual Delegation of a Wide Range of Services

Negotiation and Planning for Integration

Development of Intra- and Extra-Community Accountability

Community Service Model Established

II) AGGREGATE GROWTH

Community Assessment

Planning, Negotiation, Integration

Development of Intra- and Extra-Community Accountability

Community Service Model Established

Incremental Growth

The type of delegation envisioned for the first half of the Incremental Growth Approach resembles the current policy direction of GNWT. The delegation is generally an administration arrangement for the community to increase its responsibility over the delivery of government programs and its say over the management of program resources. This delegation is, however, program-specific. Funding is provided to the community service delivery agent in order to provide a specific service. Accountability also is defined on an individual service basis or on the basis of a defined small group of services.

No policy is yet in place to deal with the last stages of the incremental growth approach, the process of integrating community services and establishing a block funding arrangement. If the incremental approach is to be continued in the NWT, it can be argued that there is not yet a need to establish vehicles for integrating services at community level and other means to greatly enhance community responsibility - it will take quite a number of years before a saturation point is reached in program specific delegation.

The advantages of the incremental growth approach are:

Managerial:	allows for gradual build up of community expertise and a lengthy period of transition.
Less risk:	central programs can maintain partial or complete control over key mandatory services until the community has demonstrated its service delivery capabilities over a number of years.

The disadvantages of this approach are:

Lack of incentive:	the desire of communities to enter into delegation arrangements will be limited, particularly if there are uncertainties about future funding for these services.
Slowness:	it would take many years before true community service models would be developed - administration and monitoring by the territorial government would remain a complex task for many years.
Limited Objectives:	the community would have only limited scope to reflect its priorities in managing the delivery of services - no basis for reducing or eliminating one service, for example, and diverting the funding to one or more other services.
Cost:	in order to cover additional planning and administration costs, and to make delegation attractive to communities, costs will rise.

Aggregate Growth

This approach to implementing community service models would be much faster than that of incremental growth, although it would not be necessary or even practical to bring all communities on stream at the same time. Aggregate growth would begin with a community assessment carried out jointly by the relevant Program areas in GNWT and by the interested communities. The past managerial performance of a community would have to be considered, along with the potential for putting in place the necessary expertise to deliver services. As well, it would be important that there be sufficient consensus among residents that the local government and/or service delivery organizations were proposing to adopt new responsibilities and that accountability mechanisms to residents will be implemented.

When a community meets the criteria for establishment of a community service model, more detailed planning and negotiation between the community and the GNWT would commence. As well, there would have to be consultation among the affected Programs in the GNWT. Measures and reporting to ensure accountability both to community residents and to the Ministers of GNWT Programs will be also be a key consideration at this stage.

GNWT resources would be provided through a block-funding arrangement with very few conditions tied to it. Communities would be required to manage a range of services within their block of funding. However, a contingency for emergency circumstances would probably have to be included in the agreement.

The advantages of this approach are:

Policy:	there will be a clear delegation of substantive authority and communities will have scope to manage and to enhance effectiveness at community level.
Timing:	communities which are ready, able and willing could have models in place within a year rather than waiting for many years.
Administration:	territorial and community roles would be distinct and well-defined -- the territorial government would become a funder rather than service deliverer.
Cost Control:	the indicators used to make adjustments to a block fund would make resource requirements much more predictable than is possible under the current approach of service-by-service resourcing in response to level of need.

The disadvantages of this approach are:

Risk:	approach assumes some or all communities can take on major new service management functions - if communities fail, clients may be at risk and service responsibilities may have to revert to GNWT Programs.
Rapid Change:	communities and GNWT Programs would have to adapt quickly to new methods of accountability and service resourcing.

Key Decision Criteria

Before establishing a policy and proceeding to implement a community service model, the GNWT will find it useful to consider a number of criteria generally having to do with effectiveness and efficiency.

Management Assessment (Community Readiness)

A community must be both capable and willing to manage service delivery within a pre-determined budget and must also be accountable for mandatory and certain other reporting requirements, as specified in the agreement with the GNWT.

Some of the indicators that a community is ready to proceed under such a model are:

- amount and types of responsibilities already taken on by community through delegation, devolution, and other arrangements.
- effectiveness, stability and financial performance of local government, existing boards and organizations.
- potential for co-operation among potential service deliverers.
- level of community self-reliance (e.g. potential for volunteerism, revenue generation possibilities, economic development potential).
- motivation of community and degree to which a consensus to accept major new service responsibilities has been achieved.

Appropriateness

The community service model is the most appropriate option for a policy which emphasizes decentralization and significant local decision-making.

This model offers an opportunity for communities to reflect their own priorities in the selection of a range of services, in the level of services, and in service standards.

A community can also choose to intertwine social and economic programming -- for example to have greater scope to rechannel some of the community base of funding from social assistance towards employability projects or training.

In the sense of "appropriateness" with regard to legislative requirements for mandatory services, the community service model can be founded on minimum program requirements that are part of the community's agreement with the GNWT. Thus, the model lends itself to a structure that is a blend of what both the community and the territorial government regard as appropriate.

Service Effectiveness

Under the community service model, the community makes the decision on what is an effective service and what is not. The community service model adapts to situations where a service that is highly effective in assisting individuals and achieving social objectives in one community turns out to be less effective in another community.

With the existing approach to service delivery, decisions are made centrally by the GNWT on what is an effective service and what is not. It is difficult to custom-design service delivery, community by community.

The effectiveness of a community service model may be evaluated by broad community indicators of well-being such as changes in dependency rate, income levels, family stability, and health conditions. Generally, the mode of determining performance would be evaluation studies of the effectiveness of achieving the desired results through the combined services managed by the community.

This contrasts with existing program-specific approaches, where the focus is upon determining a more narrow range of results involving individual services. It is very difficult to assess the contribution of an individual service to a social objective. It is also difficult at a time of resource scarcity to have a mechanism for reducing the level of one service in order to bolster another service.

Cost Effectiveness

The community service model offers the potential for increased predictability of program costs and control over these costs. However, it is not inherently a means to reduce costs.

Rather than funding each service separately, the GNWT would provide block funding. This funding would be adjusted annually to correspond to price and volume changes in the community - the factors used to do this might be as simple as population change and inflation (Consumer Price Index) or they might involve additional indicators such as employment, housing and individual or community income. Unless an unexpected emergency were to occur, communities would be required to live within their budgets but they would also be able to keep and divert surpluses.

A block funding approach is feasible because of the averaging of resource needs for a broad set of services. Thus, while a formula approach may be impossible or at least highly complex when applied to one service (e.g. social assistance) that is driven by dynamic changes to the economy, demographics, local conditions, etc., a community budget provides the flexibility for the community to make adjustments within its service envelope as time goes on.

Funding for the first year operation of the model would take into account the existing costs of providing the relevant range of services. There may be additional administration, planning, developmental or (especially) training costs that the community would be faced with in order to operate effectively under the new arrangement. Furthermore, supplemental funding would have to be provided if an emergency situation arose that was beyond the control of the community authorities (e.g. closure of a major employer, major economic recession) and health and safety of community residents have become clearly at risk.

If successful, the model offers a more effective expenditure of the GNWT dollar within the community. There will be more incentive to train, employ and retain resident community service providers. Communities can live within their fixed budgets but make on-site decisions to reduce expenditures on a particular service and divert dollars to another service. If communities can reduce their dependency rates, they can divert social welfare dollars to more positive and productive purposes. Communities will also be in a better position to call upon volunteers and to raise charitable funds if they are in control of their own programs.

Cost effectiveness will also be affected by cost-sharing rules applicable to the types of services provided by the community. Canada Assistance Plan (CAP) and Vocational Rehabilitation for Disabled Persons (VRDP) funding differs from that of other services which are funded solely by GNWT or are assisted by funds made available through Established Program Funding (EPF) or other federal sources.

The greater the proportion of a fixed community budget that is cost-sharable under CAP or VRDP, the lower the cost to GNWT. An option that might be considered would be to require that a threshold level of the community expenditures be cost-sharable. Another option would be to restrict dollars saved on social assistance and to require they be used only for other CAP shareable services. Yet another option would be to implement an incentive system -- for every cost-shareable dollar that is demonstrably used for defined purposes such as work opportunity and training that will break down barriers against employability, a funding bonus will be provided to the community.

Accountability

The implementation of the community service model will bring with it a change in accountability: the responsibilities of individual service deliverers and community organizations towards the residents of the community will be the primary focus, rather than the accountability of government employees and managers to the Minister of the Program.

Notwithstanding this, the Minister will still require that certain legislation and regulations be observed, in areas such as child custody and social assistance, assuming these would be included within the community's new responsibilities. This will require specific provisions being set out in the service agreement and the implementation of an effective reporting system.

Reporting requirements would also include any necessary information needed for resourcing (e.g. annual population levels) and for periodic evaluations that GNWT, in consultation with the community, may wish to carry out.

Comparison to Other Models

The community service model described in this paper that some similarities to the program of Alternative Financial Arrangements (AFA) of Indian and Northern Affairs Canada (INAC). Under AFA, an agreement is signed between the Council of a band and the Minister of the department. The band is required to observe certain minimum program requirements and to report specified information to the department. In return, the band has the flexibility to priorize services, to shift funding between services, and to develop service standards appropriate for the Indian community.

The community block-funding approach suggested in this paper would, however, provide NWT communities with an element of flexibility currently not available to Indian communities through AFA. INAC initially determines and then makes annual adjustments to funding levels on a program-specific basis.

It should be noted that INAC is reviewing its policy in this area and will be consulting with the Assembly of First Nations on possible new approaches which could provide more flexibility at community level.

Special Considerations

There are numerous strategic and tactical issues that would have to be resolved before the implementation of policy. A few of these key issues are identified below.

- Co-ordination at community level: The local government would be the body signing the agreement on behalf of the community residents. In some cases, however, there may be problems in harmonizing the efforts of the local government and the existing interest and service delivery organizations. Communities will have to discover their own ways of working together. Nevertheless, the assessment (feasibility) stage of community service model development will be a constructive forum for bringing together community interests and assigning specific responsibilities to various groups.
- Problems arising from the scale of operation: Many of the communities of the NWT are too small to justify a fully-independent capacity for service delivery. It will be necessary for these communities to purchase certain types of services, or share staff or facilities with other communities in order to provide services effectively and efficiently. Such arrangements should not pose a major barrier to the implementation of community service models. Over time, through use of training and operational integration, communities should be able to increase their level of reliance upon resident services.

ATTACHMENT 1

COMMUNITY SERVICE MODEL:

WHAT COULD HAPPEN IN COMMUNITY "X"

(The following is a scenario of the use of the aggregate approach in implementing a community service model in the fictional community "X". Community "X" has 500 people and a social assistance dependency rate of 60%. Certain residents of the community have been active in health and education boards and there are several well-developed interest groups and native organizations that meet regularly in the town -- however, when this scenario begins in late 1991, there has not as yet been any delegations of service delivery from the territorial government to the local government or groups in the town.)

September 1991

The Government of the Northwest Territories announces a policy of enhanced transfer of services to communities - The Community Service Model. The community leaders of "X", who have been active in boards and who believe the community has the potential to manage many of its own services, arrange to meet with territorial government officials who have been designated responsible for consultation and implementation of the new policy. It is mutually agreed that the community has potential. A six-month period of consultation and planning is considered appropriate; the territorial government agrees to provide a limited amount of seed money to cover some of these initial costs.

October 1991 - March 1992

This is a busy period for Community "X". A task force is established by the local government to prepare a report on the feasibility of a community service model for "X" and to consult with the various service organizations and interest groups, as well as the resident deliverers of services. Some community groups initially say that the risks are excessive, because a community service model means relying upon a pre-determined budget for social, health and education services, that varies only according to simple indicators such as population change and inflation. However, as the consultation proceeds, this concern decreases as these groups become aware of such compensations as the community having the flexibility to priorize service dollar spending and to achieve certain efficiencies through a more integrated, homegrown approach to service delivery. During this period there is also ongoing consultation between the territorial government and the community. Territorial government officials provide information on the direct and indirect costs of existing service delivery to the community for those services that would constitute the model; this provides an indication of the base year funding that will be negotiated more definitively later on. Community "X" discovers that there are some services -- such as certain forms of treatment, training and residential services -- which it can not provide directly in an efficient manner. A plan is established mutually between the two parties so that the local government of "X" could purchase certain services out of its community service budget from other communities, from outside service organizations or from the territorial government.

April 1992

The main features of the plan have been developed by the community task force and receive approval of the local government. There is not complete unanimity, but a role has been set out for many of the existing interest groups which have expertise and an interest in service delivery and there is every intention to expand community group involvement as time goes on. The local government decides that before it proceeds with final negotiations with the territorial government, it will hold a referendum to ensure there is a broad base of support within the community.

June 1992

In early June, a referendum is held and there is a large majority of residents in favour of establishing the model. Negotiations with the territorial government begin at once. The government policy already establishes which services will form part of the model, the mandatory service and the basic reporting requirements, and the method for adjusting the community service model from year to year. The negotiations focus upon: establishment of a base-year budget (for the first year of service delivery); arrangements for those services which must be provided by an outside source and that would be purchased by the community; training requirements; and the timetable for implementation of the model.

August 1992 to March 1993

Negotiations are successfully concluded. A formal agreement is signed by the territorial Minister and the community council. Pre-implementation planning is carried out. A limited amount of training for administrators and community service workers takes place. Arrangements are made for transfer of resources and personnel from the territorial government to the community.

April 1993 to March 1994

In this first year of operation, Community "X" registers both successes and failures. On the positive side, the community believes that a substantial number of residents have become more employable than before, resulting from extensive community programs providing employment experiences and training for persons who would otherwise be on social assistance. There has also been a successful campaign, involving many people from the community, in combatting alcohol and drug abuse. Less positive, however, has been the management of the service budget resulting from over-expenditure in the first half of the fiscal year. As well, the local government has had some problems coordinating the operational role of several non-profit community service organizations and in retaining qualified staff within the community. In the upcoming year, the communities priorities are: a) to have a more direct role in a broader range of service delivery and rely to a lesser degree on service purchase; b) to more fully integrate and coordinate certain services in the interest of greater effectiveness and efficiency; c) to involve greater numbers of community residents in service delivery through self-help and volunteer efforts. The territorial government is reasonably satisfied with the results of the first year in community "X". The community was able to manage services within its pre-determined budget and the reporting provided by the community was adequate to indicate adherence to mandatory (legislative) and other basic requirements as set out in the agreement. In a meeting between to discuss the first year of operations, territorial government officials point out some areas where improvements could be made: in the timeliness of reporting and in level of detail for reporting on certain non-mandatory items which nevertheless will be important for the periodic (e.g. three-year) evaluation of the model.

ATTACHMENT 2

SAMPLE CLAUSES IN GNWT - COMMUNITY AGREEMENTS:

COMMUNITY SERVICE MODEL

(The following represents the type of wording - on a preliminary draft basis and covering only a few aspects - that could be adapted to form agreements between the GNWT and communities to establish Community Service Models. The final wording would be subject to the results of negotiations, although GNWT may wish to require standard wording for certain clauses such as adherence to provisions within legislation and a consistent formula for determining annual resource requirements).

1. Mandatory Service Requirements

   a) The community agrees to provide services that comply with the eligibility criteria, standards, and other requirements as set out in territorial and federal legislation and regulations;

   b) The community is responsible for reporting service data and financial information on the use of funds provided it for services required under its agreement with the territorial government so that the Minister may maintain his accountability under legislation and regulations; and

   c) The community is responsible for any additional costs of providing mandatory or other services that exceed the funding provided under the Community Service Agreement, except for the following:

      i) if there should be a new policy with incremental resources approved by the territorial government or Canada, in which case a community operating under this program will receive supplemental financial or other resources at a level equal to that of comparable other communities; or

      ii) if the territorial government agrees to provide supplemental funding under an Emergency Circumstances Provision.

   d) The GNWT agrees in principle that, in the course of this agreement, it will not, through new or amended legislation or policy, impose significant, unavoidable new costs upon the community for services included within this agreement unless incremental funding is made available to the community.

2. Range of Services

   a) With the implementation of a Community Service Model, the territorial government will provide a block of funding and will cease its administrative and operational responsibility for a range of social, health, and education services.

   b) The community will take on the full range of services, but may make arrangements with other service providers (including GNWT) to purchase services out of the block of funding provided by GNWT.

   c) The community will become responsible for development, operation or purchase of services to replace the GNWT's responsibilities and for meeting basic requirements as set out in an agreement with the GNWT.

3. Funding

   a) For the first year of the Community Service Agreement, funding for the range of services is to be based upon the status quo expenditures that are forecast for the range of services included in the Community Service Model, and then aggregated in a block; and

   b) For each subsequent year of the Agreement, the block of funding will be increased or adjusted by use of a standard formula for volume and price change (e.g. proportional to change in indicators such as community population, costs of goods and services).

4. Emergency Circumstances

   a) Temporary changes may be made to the funding provided by the GNWT to a community if an emergency occurs and the community demonstrates it can not respond to the situation within its overall budget. An emergency circumstance is one where the community can demonstrate that there is a clear risk to the health or safety of people residing in the community and that it is obvious that the block funding provided the community can not respond adequately to the situation.

   b) The original block funding formula will be used once again as soon as the emergency has been addressed.

5. Evaluation

   a) The community will ensure that an objective evaluation of community-based services will be carried out at a minimum of every five years, and that territorial government officials will have the opportunity to participate in the development of evaluation questions and management review of the results of the evaluation.

ATTACHMENT 3

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

No. 4101-01
Department: Social Services
Division: Administration
Service Name: Direct Services Delivery

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
a) Components:	Information and referral; crisis intervention, counselling; assessment and referral; community development.	Community may choose to aggregate, rename or not provide all of the components of services (except for mandatory component).
b) Mandatory Aspect(s):	Crisis intervention in protection or abuse situations.	No change proposed; delegation of responsibility to worker who is not a Territorial Government employee may require regulation change.
c) Evaluation Factors:	Social effectiveness (family and community stability, incidence of abuse, level of community involvement in services, client acceptance of service standards and levels); cost effectiveness (unit cost per client served, ability to manage effectively within budget level).	Key factors will be: Are the Services continuing to meet community priorities and needs of individuals? Do the services represent an effective expenditure of the limited community service budget? Other evaluation factors will remain the same.
d) Accountability Factors:	Accountability of departmental officials to Minister for any delegated mandatory responsibility (e.g. protection or abuse intervention); accountability of officials and workers to clients based on service standards; accountability to consult with communities and organizations on community development of services.	Reporting to ensure mandatory requirements are being met (this would be a feature of the GNWT-community service transfer agreement); also would be a requirement for other limited reporting to GNWT on services rendered, etc. for purposes of evaluation; the main accountability for services, however, would be from signatories of agreement (community authorities) to community residents and groups; community would have significant scope to establish service standards.
e) Costs/ Cost Factors:		

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

No. 4102-01 to 4102-8, 4104-3
Department: Social Services
Division: Family and Children's Services/Alcohol, Drugs, Mental Health
Service Name: Investigation and Assessment Services; Home Support Services; Supervision Services; Emergency Care Services; Foster Home Services; Group Home Services; Residential Treatment Services; Provision or Purchase of Goods and Services; Clinical Services.

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
a) Components:	Responding to complaints or service requests regarding child welfare; providing homemaker, day care and other support services; supervision to ensure court conditions are being carried out; emergency or short-term care for children who are apprehended or in care of the Superintendent of Child Welfare; provision of short and long-term care in approved family (foster) homes, in group homes or other residential care (as appropriate) for children who are in the care of the Superintendent of Child Welfare; arranging for purchase or provision of residential treatment services; purchase of goods and services to meet needs of children who are placed in care; assisting in the assessment and treatment of children and adolescents who have emotional, behaviourial or other difficulties or special needs.	Community is required to provide most or all of these components. The community has some discretion in the areas of prevention and counselling and in the handling of "grey" areas - where there is a judgement call as to whether a child should be taken into care or where the family can be assisted to resolve its problems in alternative ways. Some services (e.g. residential treatment, emergency care, clinical services) may be purchased from the Territorial Government or another service provider during particularly the early stages of development of a community service model.
b) Mandatory Aspect(s):	Intervention by appropriate authorities where the family situation warrants; capability of ensuring court orders are being followed; taking of children into care; ensuring physical and psychological needs of children in care are being met; provision of treatment and preparation of assessment reports as required under the Young Offenders Act.	Regulation or other change required to permit delegation of responsibility of Superintendent of Child Welfare to worker(s) reporting to the community authority. Requirements under the Young Offenders Act would continue to be applicable.

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
c) Evaluation Factors:	Social effectiveness (incidence of children being taken into care for the first time and on repeated occasions; duration of care; extent of compliance with service standards; necessity of taking children into care on repeated occasions or taking young offenders into custody; quality of care; control of unit costs for various types of care).	Key consideration will be: are the standards for, and the emphasis placed upon, particular types of services continuing to meet the specific needs of the community? What is the relationship of Child Welfare programming to other service areas (e.g. income support, education)? To what extent is the community-as-a-whole supporting programs to assist or treat young offenders?
d) Accountability Factors:	Accountability of Superintendent of Child Welfare to Minister; Accountability of social service employees to the Superintendent and other senior officials; accountability for following court dispositions in accordance with the Young Offenders Act.	Reporting to ensure mandatory requirements are being met. The major accountability feature of the community service model would be the accountability of service providers to the needs of children, young offenders, and their families within the community. There may be a need for formal recognition of a right of the Department of Social Services to monitor and carry out investigations of residential services and the well-being of specific children where circumstances warrant.
e) Costs/ Cost Factors:		

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

No. 4102-09 to 4102-14
Department: Social Services
Division: Family and Children's Services
Service Name: Family Violence Prevention Services; Family Violence Prevention Contribution; Family Violence Prevention Inter-Departmental Services; Family Violence Prevention Community Services; Family Violence Prevention Program Development; Family Violence Prevention Information.

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
a) Components:	Review of complaints and family violence risk situations; determination of follow-up action; provision of contributions for shelter programs and community initiatives (e.g. workshops, training); interdepartmental coordination and information-sharing; consultation for, and monitoring of, family violence prevention projects; provision of information and advice.	Community would have extensive scope to restructure main features of programs, to develop service standards and to adjust levels of service in order to make the programming reflective of the priorities of the community.
b) Mandatory Aspect(s):	(Indirect) Intervention through the child welfare system where warranted following investigation.	There would be no diminishment of the laws, regulations or policies respecting mandatory intervention to protect children in family violence situations. Community programming would in general be designed to lessen the need for involuntary intervention.
c) Evaluation Factors:	Social effectiveness (known incidence of family violence; ability to respond to a situation through prevention rather than involuntary intervention; extent of community interest and initiative in programming; availability of services; quality of information and counselling provided). Cost effectiveness (ability to manage within budget levels; unit cost per client for shelter programs).	*Key consideration will be:* are the standards for, and the emphasis placed upon particular types of, family violence services continuing to meet the specific needs of individuals, families and the community? Are there more cost-effective means to achieve the same objectives?

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
d) **Accountability Factors:**	Accountability of departmental management and workers to provide service according to policy (Spousal Assault Policy); accountability of departmental employees to clients, to groups and communities to provide effective information, counselling and administrative services (e.g. of contribution programs).	The major accountability feature of the community service model would be the accountability of service providers to individuals, families and children who have a need for service or who are in risk of neglect or abuse.
e) Costs/Cost Factors:		

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

No. 4102-15 to 4102-18
Department: Social Services
Division: Family and Children's Services
Service Name: Child Care; Child Care User Subsidy; Child Care Start-Up Assistance; Child Care Operating Assistance.

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
a) Components:	Consultation and resource services for day care operators and groups; coordination of training; licensing and monitoring; information provision; child care subsidy to parents with children who meet the eligibility criteria; provision of grants for equipment, minor renovations and other costs to assist non-profit organization or family day home operator; contributions for operating and maintenance to licensed child care centres and family day homes.	Community would have extensive scope to restructure main features of programs, to adapt certain service standards and to adjust levels of service in order to make the programming reflective of the priorities of the community.
b) Mandatory Aspect(s):	Taking action when a facility is operating without a license, or when a licensed facility is violating the Child Care Facilities Act or the Child Care Standards Regulations.	There would be provisions in agreements with community authorities regarding adherence to basic legislative and regulatory requirements for child care centres and homes. This could include the right of territorial officials to investigate on a regular basis or when warranted.
c) Evaluation Factors:	Social effectiveness (full licensing of centres; extent of compliance with legislation and regulations; effective administration of grants, subsidies and contributions; access to child care; quality of child care; impact of child care on family and community stability). Cost effectiveness (minimizing administration costs; number of spaces made available per dollar of territorial government expenditure).	Key consideration will be: is the correct level of child care been provided within the community? Has the appropriate combination of incentives or forms of assistance (e.g. grants, subsidies, financial support for parents) been provided? Is there an effective system of monitoring to ensure adherence to standards. Beyond the basic standards (e.g. for health and safety) what standards, if any, should be implemented consistent with the priorities of the community.

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
d) Accountability Factors:	Accountability of departmental management and workers to take action leading to full adherence to child care licensing provisions. Accountability to senior management and Minister for decisions made on grant, contribution and subsidy programs.	The major accountability feature of the community service model would be the accountability of day care planners, administrators, operators and inspectors to the community as a whole. The Minister would continue to be accountable for basic questions such as health and safety, but it should be possible to proceed with a community service model without jeopardizing this accountability.
e) Costs/Cost Factors:		

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

No. 4103-1 to 4103-3

Department:	Social Services
Division:	Community and Family Support
Service Name:	Financial Assistance; Financial Assistance for Social Services; Social Assistance Appeal System.

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
a) Components:	Provision of financial assistance to eligible persons who are in need; provision of funds for social assistance recipients to purchase social services that have user charges; establishment of an appeal system for persons who wish to dispute decisions made regarding social assistance eligibility.	Community is required to provide social assistance to eligible persons and an objective appeal mechanism; community may have flexibility with regard to provision of, or payment for, provision of social services for social assistance recipients.
b) Mandatory Aspect(s):	Provision of social assistance to eligible persons as set out in the Social Assistance Act and Regulations (Northwest Territories); access to a decision review (appeal) system regarding social assistance eligibility.	No change to eligibility criteria for receipt of social assistance, but community would have scope to adjust benefit levels and to implement alternatives to welfare (e.g. employability and training programs); community will also be required to establish an appeal procedure but would have the scope to design the details of the mechanism in a manner consistent with community customs and wishes.
c) Evaluation Factors:	Social effectiveness (change in dependency rate; level of self-generated income among social assistance recipients; utilization of work opportunity or training programs to break down barriers to employment among social assistance recipients; length of time on social assistance; range of, and access to, social services; degree of compliance with regulations and policies; awareness of, and access to, appeal mechanism). Cost effectiveness (social assistance administrative overhead per client; extent of provision of correct amount of assistance to correct persons at the correct time (audit results); reduction of over-payments).	Key evaluation question will be: has there been progress in the achievement of community objectives for employment support and reduction of welfare dependency? To what extent has the local community provided overall support for these objectives (e.g. administrators, employers, groups)? Are welfare recipients receiving services and training that are most relevant to particular community conditions and priorities?

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
d) Accountability Factors:	Accountability of government employees to Minister for provision of assistance in accordance with regulations and policies; accountability to clients for "objective" decisions regarding eligibility, as required by the appeal system.	Basic accountability is that of local service deliverers to the local government and to persons receiving assistance. Communities would be accountable for providing basic information to the Department of Social Services to demonstrate adherence to mandatory terms and conditions in legislation/regulations and to satisfy requirements for Canada Assistance Plan cost-sharing. Communities would also be accountable for managing assistance programs within the overall community budget levels (agreements would probably allow for "extremely unusual circumstances" such as closure of a major community employer). Communities would also be accountable for providing an objective appeal mechanism.
e) Costs/Cost Factors:		

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

No. 4103-5 to 4103-9
Department: Social Services
Division: Community and Family Support
Service Name: Social Services to Handicapped Counselling Services; Handicapped - Home Support Services; Handicapped Day Care Services; Handicapped Residential Services; Handicapped Vocational Rehabilitation Services.

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
a) Components:	Information and referral to help identify handicapping conditions; individual and/or family counselling services; provision of immediate services in emergency situations; home and respite services for handicapped persons; provision or purchase of care and activities outside the home for part of the day; residential services for handicapped persons; assistance for handicapped persons to obtain or maintain employment.	Basic requirement of agreement with community would be to provide services to disabled persons within the community. However, the particular range of services (except perhaps for residential services when necessary) would be the decision of the community, as would the service standards.
b) Mandatory Aspect(s):	None of these services are mandatory - this could change with the implementation of Dependent Adults legislation.	Not a mandatory program in the sense of legislation or regulations. For the community, however, there could be some mandatory requirements regarding programming for disabled people that could be set out in agreements (see above).
c) Evaluation Factors:	Social effectiveness (access to a range of services for disabled persons; effectiveness of employment maintenance or creation programs; degree to which a community has a support system to permit a disabled person to live and work independently; client and family satisfaction with services made available). Cost effectiveness (administration cost per client; use of home support rather than institutionalization).	Key evaluation question will be: do services meet the particular needs of individuals and their families within the community. Community might also be able to evaluate whether it has placed sufficient emphasis (with respect to programming and resources) upon services for disabled persons.

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
d) Accountability Factors:	Accountability of employees to Minister for effective and efficient program management consistent with policies of the government and the commitments of the government to disable persons, their families and their organizations. Accountability for ensuring relevant program costs are cost-shareable by the federal government through Vocational Rehabilitation for Disabled Persons or the Canada Assistance Plan.	Basic accountability is that of local service deliverers to the local government and to disabled persons and their families. Communities would be accountable for providing basic information to the Department of Social Services to demonstrate it has met basic programming requirements, and to facilitate cost-sharing through VRDP and CAP.
e) Costs/Cost Factors:		

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

No. 4103-4, 4103-10 to 4103-13
Department: Social Services
Division: Community and Family Support
Service Name: Senior Citizens Benefit; Aged - Counselling Service; Aged - Home Support Services; Aged - Day Care Services; Aged - Residential Services.

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
a) **Components:**	Financial supplement to senior citizens who receive the Federal Guaranteed Income Supplement or Spouses's Allowance; information and referral service; crisis intervention; individual and/or family counselling; purchase or provision of care to assist independent living by seniors in their own homes or temporary services until other living arrangements can be made; activities or care for elderly persons outside the home; provision or purchase of residential services.	Community would have the scope to select range of, levels, and standards for services in this area (with the possible exception of Senior Citizen Benefits and some of the requirements for residential care). Territorial Government may wish to choose to retain Senior Citizens Benefit if the community is to have no scope to alter the level or use of payments.
b) **Mandatory Aspect(s):**	Financial supplement for senior citizens is through the Senior Citizen Benefit Act (NWT). The remaining services are not mandatory but derive from policies of the Territorial Government - this could change with the implementation of Dependent Adults legislation.	Only the Senior Citizens Benefit has legislation in this area. However, there could be some mandatory commitments set out in agreements regarding the provision of care in the home or through residential care for elderly persons who are in need.
c) **Evaluation Factors:**	Social effectiveness (access to a range of services for elderly persons; client and client family response to services; success of inducing independence through support programs rather than having a necessity to institutionalize and elderly person; quality of care provided in residential services). Cost effectiveness (administration cost per client; use of lower cost home support rather than instructionalizaion).	Key evaluation question will be: do services meet the particular needs of elderly persons and families within the community. Community might also be able to evaluate whether it has placed sufficient emphasis (with respect to programming and resources) upon these services.

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
d) Accountability Factors:	Accountability of employees to Minister for effective and efficient program management consistent with policies of the government. Consistency with legislation for the Senior Citizen Benefit.	Basic accountability is that of local service delivers to the local government and to elderly persons and their families. Communities would be accountable for providing basic information to the Department of Social Services to demonstrate it has met basic programming requirements where necessary, such as for residential care.
e) Costs/Cost Factors:		

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

No. 4105 to 4108, 4105-13

Department:	Social Services
Division:	Alcohol, Drugs, Mental Health/Corrections
Service Name:	Fine Option Program (Adult); Probation Supervision (Adult); Preventive Programs (Adult); Community Residential Programs (Adult); Alternative Measures Programs (Young Offenders).

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
a) Components:	Providing alternatives to incarceration within the community for those persons who are unable to pay their fines; supervision and correction of offenders sentenced to periods of probation; promoting and assisting programs for prevention and diminishment of crime within the community; development and operation of community residential centres for adult offenders; provision of programs for persons 12 - 18 as an alternative to court action.	Components would remain in place but the level and nature of involvement by community groups and individuals could be established in accordance with community priorities.
b) Mandatory Aspect(s):	These programs are highly governed through their legislation. Northwest Territories legislation includes the Fine Option Act, Corrections Act, and Young Offenders Act. Federal legislation includes the Criminal Code, and the Young Offenders Act.	Mandatory aspects would be unchanged. It may be necessary to amend legislation or regulations to delegate authority to community officials to allow them to carry out actions as established through court dispositions.
C) Evaluation Factors:	Social effectiveness (incidence of crime within a community; involvement of the community in programs to assist adult and young offenders; numbers of repeat offenders; range of and quality of services; ability to utilize effectively alternatives to incarceration). Cost effectiveness (cost per client, ability to use a lower cost alternative to closed custody).	Key evaluation question will be: Is the community achieving its objectives with regard to protection of individuals and property, and with regard to support and reform of adult and young offenders? Is there more the community can do to provide greater support?

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
d) Accountability Factors:	Accountability of Minister and of departmental employees for requirements as set out by legislation and for dispositions as set out by the courts.	Accountability to the federal and territorial governments for mandatory matters will continue unchanged. However, there will be a new dimension of accountability by members of the community for prevention and mitigation of crime and provision to offenders of an appropriate level of treatment and support. It will be important to establish clear reporting requirements within agreements with regard to corrections.
e) Cost/Costs Factors:		

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

No. 4104-1, 4104-2, 9102-1 to 9102-3

Department: Health/Social Services

Division: Alcohol, Drugs, Health Prevention and Promotion

Service Name: Alcohol and Drug Programs, Community Mental Health, Community Health, Health Promotion and Education, Nutrition.

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
a) Components:	Assistance and support of community-based groups in providing educational, preventive, and treatment programs for people with alcohol and other drug programs; assistance and support of community-based groups in providing educational, preventive, and treatment programs for people with mental health problems; provision of community health services; developing and initiating public awareness initiatives and health education programs and projects; promoting the awareness of the importance of nutrition in maintaining health, preventing nutrition-related diseases and improving general well-being.	A basic condition of GNWT - Community agreements for a Community Service Model would be the continued provision of public health services, including health promotion and programs to assist individuals and families with drug problems and persons who have mental disabilities. The current components would generally remain in place but the level, range and nature of involvement by community groups and individuals could be established in accordance with community priorities.
b) Mandatory Aspect(s):	Only aspects of community health services such as maternal and child welfare are mandatory - the remaining programs are driven by policy and therefore are discretionary.	Mandatory aspects (including legislation and regulations) would be unchanged. Certain basic program requirements (see above) may be made mandatory through the agreement with the community.
c) Evaluation Factors:	Social effectiveness (changes in incidence of preventable disease; availability, range, and quality of public health services; public awareness of proper nutrition and other positive health measures; involvement of families and communities in addressing substance abuse problems; incidence of drug-related injury and crime; range and quality of services for persons who have mental disabilities). Cost effectiveness (administrative cost versus direct client service costs; effectiveness of health and other prevention programs in removing the need for other high-cost services such as institutionalization of clients).	Key evaluation question will be: What are the primary health problems of this particular community and to what extent are community health and health promotion programs addressing these programs in a way acceptable to the community? To what extent do clients, persons with drug problems or mental disabilities, regard the community health programs as answering their needs? Is there a satisfactory level of community and voluntary participation in program development and delivery? Is there a more cost-effective way to achieve the community's objectives?

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
d) Accountability Factors:	Accountability of Minister and of departmental employees for child welfare and for the availability of basic public health services; accountability of funded public health groups to the Minister for the terms and conditions of funding received from GNWT; accountability of funded public health groups to the communities that they represent.	Accountability to the federal and territorial governments for mandatory matters will continue unchanged. However, there will be a new dimension of accountability by service deliveries to the members of the community for provision of a range of public health services and for health promotion.
e) Cost/Costs Factors:		

ATTACHMENT 3
COMMUNITY SERVICE MODEL: REVIEW OF SERVICES

Department: Social Services, Education, Others (Integrated Income Support and Employment Development)
Service Name: Employability Enhancement Accord, Social Assistance, Vocational Rehabilitation of Disabled Persons, Day Care, Employment/Training Contracted Services, Training on the Job, Career Resources, ENTER, STEP, Literacy Training, Job Placement, Canadian Jobs Strategy.

	KEY FEATURES OF PRESENT SERVICE DELIVERY	CHANGES RESULTING FROM IMPLEMENTATION OF COMMUNITY SERVICE MODEL
a) Components:	Social assistance; alternative usage of social assistance; basic training; skills training; on-the-job training; employment experience; labour market planning; career information and counselling.	None - the community could however select the most effective range of services and the majority of standards for delivery of these services, in accordance with community priorities.
b) Mandatory Aspect(s):	Provisions governing eligibility for social assistance; cost-sharing requirements (for the most part the initiatives envisioned in this integration program are discretionary).	Mandatory aspects stemming from legislation would be unchanged. However, certain basic program requirements may be made mandatory through the agreement with the community.
c) Evaluation Factors:	Social effectiveness (changes in social assistance caseloads; breakdown of barriers to employability of social assistance recipients; range of services provided or choices available to clients; quality of training; improvement in workplace skills, aptitudes and ability to cope socially of persons who are trained; involvement of volunteers and employers in programming; participation and drop-out rate of trainees). Cost effectiveness (reduced dependency on social assistance; cost per client).	Some of the key evaluation questions will be: Within this particular community, what type(s) of programs would best serve the needs of clients - training on the job, employment experience, skills or basic training? What are the most cost-effective ways to deliver these programs and how is it possible to recruit employers or other persons to assist in these efforts? How can programs be adapted to be consistent with employment needs of the community? Has there been a reduction in barriers to employability as a result of employment experience or training?
d) Accountability Factors:	Accountability of Minister and of departmental employees for provision of social assistance to eligible persons; accountability for following cost-sharing rules.	Accountability to the federal and territorial governments for mandatory service and cost-sharing matters will continue unchanged. However, there will be a new dimension of accountability by service deliverers to the members of the community for provision of an integrated range of programs meeting the specific needs of the community.
e) Cost/Costs Factors:		